



# Henderson Asian Growth Trust plc

Update for the half year ended 30 June 2012



Managed by

**Henderson**  
GLOBAL INVESTORS

## Objective

Henderson Asian Growth Trust plc seeks a high rate of total return from companies operating primarily in the Asian region excluding Japan and Australasia.

## Investment Policy

- The Company seeks to generate returns across the region from focused, bottom-up stock selection of mispriced growth stocks.
- The portfolio typically has 40 to 60 holdings.
- The Company may borrow to enhance performance but borrowings will not exceed 30% of net asset value.
- The Company will hold no more than 15% of its gross assets in any single investment.

Refer to the Annual Report and Financial Statements for further details.

## Financial Highlights

| Per ordinary share | (Unaudited)           | (Audited)                 | %    |
|--------------------|-----------------------|---------------------------|------|
|                    | As at<br>30 June 2012 | As at<br>31 December 2011 |      |
| Net asset value#   | 177.9p                | 167.5p                    | +6.2 |
| Share price        | 160.5p                | 152.3p                    | +5.4 |
| Discount           | 9.8%                  | 9.1%                      |      |
| Gearing*           | 3.0%                  | 4.1%                      |      |

#Excluding reinvested income.

\*Defined here as borrowings, less cash balances and deposits, as a percentage of shareholders' funds.

## Performance

| To 30 June 2012 (£ adjusted)                                        | 6 months | 1 year | 3 years | 5 years | 10 years |
|---------------------------------------------------------------------|----------|--------|---------|---------|----------|
|                                                                     | %        | %      | %       | %       | %        |
| Net asset value total return <sup>(1)</sup>                         | 8.0      | -14.8  | 31.7    | 21.8    | 147.1    |
| Share price total return <sup>(2)</sup>                             | 7.3      | -16.0  | 27.7    | 26.0    | 158.8    |
| MSCI All Country Asia<br>ex-Japan Index total return <sup>(2)</sup> | 5.1      | -11.1  | 40.7    | 33.3    | 184.0    |
| Peer group (NAV) total return <sup>(3)</sup>                        | 6.6      | -8.8   | 48.5    | 31.1    | 204.9    |

<sup>(1)</sup> Source: AIC Statistics provided by Morningstar. For periods 6 months, 1 and 3 years the fair value cum income net asset value is shown, for years 5 and 10 the net asset value with net income reinvested is shown.

<sup>(2)</sup> Source: Datastream.

<sup>(3)</sup> Source: AIC Statistics provided by Morningstar. The performance of a group of leading investment trust competitors (arithmetic average).

# Manager's Review

## Performance Analysis

The estimated attribution of the portfolio's performance as between asset allocation and stock selection relative to the Index, and the impact of other factors, as listed, to explain the movement of net asset value over the six months to 30 June 2012 is shown in the table below.

| <b>Six months to 30 June 2012</b> | <b>Asset Allocation %</b> | <b>Stock Selection Contribution %</b> | <b>%</b>   | <b>Comments</b>                    |
|-----------------------------------|---------------------------|---------------------------------------|------------|------------------------------------|
| China                             | -0.2                      | 0.6                                   | 0.4        | China Property Sector              |
| Hong Kong                         | 0.0                       | 0.6                                   | 0.6        | Prada                              |
| Indonesia                         | -0.1                      | -0.1                                  | -0.2       |                                    |
| India                             | -0.1                      | 1.1                                   | 1.0        | Tata Motors, Jubilant Foodworks    |
| South Korea                       | 0.0                       | 1.2                                   | 1.2        | Hana Tour, Gamevil, Hyundai Glovis |
| Malaysia                          | 0.0                       | -0.3                                  | -0.3       |                                    |
| Philippines                       | -0.2                      | 0.0                                   | -0.2       |                                    |
| Singapore                         | -0.3                      | -0.2                                  | -0.5       |                                    |
| Thailand                          | 0.3                       | 1.0                                   | 1.3        | CP All, Bangkok Bank               |
| Taiwan                            | 0.2                       | -1.0                                  | -0.8       | HTC                                |
| Vietnam                           | 0.2                       | 0.0                                   | 0.2        |                                    |
| <b>Total ex Gearing</b>           | <b>-0.2</b>               | <b>2.9</b>                            | <b>2.7</b> |                                    |
| Net Gearing                       | 0.4                       | 0.0                                   | 0.4        |                                    |
| Share Re-purchases                | 0.3                       | 0.0                                   | 0.3        |                                    |
| Fees & Expenses                   | -0.5                      | 0.0                                   | -0.5       |                                    |
| <b>Total</b>                      | <b>0.0</b>                | <b>2.9</b>                            | <b>2.9</b> |                                    |

Strong performance in Thailand was helped by holdings in convenience store operator, CP All, as well as Bangkok Bank, as both companies delivered a strong rebound in earnings following last year's floods. In South Korea, smartphone gaming company, Gamevil, and package holiday company, Hana Tour Service, were strong as they continued to benefit from their exposure to new, high growth areas of consumer spending. Stock selection in India was also a significant positive with contributions from takeaway pizza company, Jubilant Foodworks, and Tata Motors, on the back of a recovery in its Jaguar Landrover unit.

Performance was also helped by Hong Kong and China with notable contributions from luxury goods company, Prada, and China property companies Agile and China Overseas Land. The main negative was Taiwan which was hit by poor performance from smartphone handset producer, HTC, following disappointing sales. The Company's underweight position in Singapore was also a negative over the six month period.

In addition, moderate net gearing was a small positive and the impact of share buybacks also provided a small uplift to the Company's net asset value.

## Portfolio Positioning

The following table shows your Company's key stock positions versus the MSCI All Countries Asia ex-Japan Index at 30 June 2012.

| <b>Top Ten Active Positions as at 30 June 2012</b> | <b>Portfolio Holding %</b> | <b>Index Weight %</b> | <b>Active Weight %</b> |
|----------------------------------------------------|----------------------------|-----------------------|------------------------|
| Prada                                              | 3.2                        | 0.0                   | 3.2                    |
| Agile Property                                     | 3.2                        | 0.1                   | 3.1                    |
| Hyundai Glovis                                     | 3.2                        | 0.1                   | 3.1                    |
| Baidu                                              | 3.1                        | 0.0                   | 3.1                    |
| Zhuzhou CSR Times Electric                         | 3.1                        | 0.1                   | 3.0                    |
| CITIC Securities                                   | 3.1                        | 0.1                   | 3.0                    |
| China Overseas & Land Investments                  | 3.4                        | 0.4                   | 3.0                    |
| Bangkok Bank                                       | 3.1                        | 0.2                   | 2.9                    |
| Samsung Electronics                                | 3.3                        | 0.5                   | 2.8                    |
| Bank Mandiri                                       | 3.0                        | 0.3                   | 2.7                    |

These investments remain significant holdings for your Company.

Your Company has continued to favour businesses that will benefit from growth in spending by Asian consumers. Consumer discretionary shares comprise the largest sector weight in your Company as they combine attractive valuations and strong long term growth across a wide range of industries and countries. Current holdings include Cheil Worldwide, the advertising arm of Samsung Group, as well as Thai convenience store operator CP All, Indian cable TV operator Dish and Hong Kong listed luxury goods company, Prada. Your Company continues to believe that these shares provide attractive exposure to one of the key long term drivers of Asian growth, the emergence of a large group of affluent consumers keen to access a more Western lifestyle.

Your Company remains heavily underweight the more mature sectors of the Asian economy. These include the telecom and utilities sectors where a combination of unpredictable regulation, heavy investment and slow

top line growth provide limited long term appeal in our opinion. The materials sector is also generally mature and therefore of limited appeal, beyond a handful of companies that have the ability to consolidate their industries and move into new and more profitable businesses. Recent market weakness has provided an opportunity to add Korean refining and petrochemicals company, SK Innovation, which has invested heavily in recent years to move into new higher margin businesses as well as building a successful upstream oil portfolio. In China, Anhui Conch is the most profitable and best managed player in a consolidating cement industry and is likely to benefit from an improving outlook for infrastructure and social housing spending. Finally, the prospect of significant reform in China's gasoline and natural gas markets led your Company to add a new position in Petrochina. These purchases were funded by complete sales of Sun Hung Kai Properties in Hong Kong, following accusations of senior management involvement in bribing government officials, as well as Yuanta Financial and HTC in Taiwan, following poor operating results.

At the country level, your Company retains significant exposure to China and Hong Kong as well as Korea and Thailand. Taiwan and Singapore are the largest underweight positions relative to the benchmark index. These positions are largely the result of bottom up stock decisions, heavily influenced by our preference for consumer facing companies offering strong long term growth potential.

## Conclusion

The global outlook remains uncertain. However, we are confident that a focus on high growth companies in Asia with a heavy domestic bias will deliver the best returns for investors over the long term. The valuations of these companies have reached attractive levels and we will use further market weakness to add to positions that offer exposure to this theme.

**Andrew Beal**  
**Portfolio Manager**  
**31 August 2012**

# Chairman's Statement

## Market Background

The Asian region continued to be buffeted by international developments during the first half of the year. As a result, markets were volatile but finished up in sterling terms.

Global equity markets rallied in the first quarter as the European Central Bank announced measures to provide cheap liquidity to the region's banks. However, optimism that Europe may finally be getting to grips with its problems was soon replaced by fears that Greece would face an imminent exit from the euro and that the crisis facing Spain's banks was much worse than originally anticipated. Towards the end of the period, sentiment improved again following an agreement by finance ministers on a roadmap towards a European banking union.

The data in China and India also remained weak during the first six months of the year. Growth in GDP and industrial production in both countries fell and policy makers were constrained by relatively high inflation in the early months of the year. As the half progressed, lower food and fuel prices began to feed through into much lower inflation rates, particularly in China. India moved first with a 50 basis point cut in interest rates in April. China followed with rate cuts in June and early July together with increasingly aggressive "fine-tuning" of policies to support the economy and property market.

Southeast Asia remained a relative safe haven. The Philippines outperformed the rest of the region as first quarter GDP growth surprised positively and the government made progress with its programme to kick start infrastructure spending. Thailand continued to rebound strongly from the devastating floods that hit the economy in 2011. Elsewhere, the resilience of economies in Singapore and Malaysia supported their respective equity markets.

## Performance

In the six months to 30 June 2012, the net asset value total return of your Company was up by 8.0% in sterling terms which was ahead of the 5.1% increase in the benchmark MSCI All Countries Asia ex-Japan total return index.

While it is encouraging to see an improvement in performance over the last six months, I regret to note that the Company remains behind its benchmark and the peer group of leading Asia focused investment trusts over 1, 3, 5 and 10 years.

It is the view of your Board that the nature of your Company and its investment style differentiates it from its peer group. Market volatility over the last five years has inevitably been amplified by our investment style focussing on growth as opposed to value, and our gearing policy. Your Board has taken steps, as detailed in the 2011 Report and Financial Statements, to run a more neutral gearing policy, other than at times when there appear to be clear turning points in regional markets. The objective of your Board and your Portfolio Manager remains the achievement of a high rate of return over the cycle.

## Discount

During the period under review the average discount to NAV (excluding income) was 8.83%. As a result, a tender offer will not be undertaken, as the discount was well within the 10% trigger level.

## Outlook

We expect global equity markets to remain volatile over the next few months. Within Asia, Chinese economic data point to a bumpy landing for the economy in the absence of more meaningful fiscal and monetary stimulus. India also faces significant headwinds as a slower economy has exposed the long standing weakness of the country's fiscal position and risk aversion in global financial markets threatens the country's ability to finance its current account deficit. Elsewhere in the region, economies in Thailand, the Philippines and Malaysia should continue to demonstrate a degree of resilience supported by additional fiscal spending, but these markets are vulnerable to outflows of foreign capital if the global environment should deteriorate further. Similarly, Korea has so far managed to avoid the worst of the global downturn but is vulnerable to a further softening in external demand.

The main positive, particularly for Chinese shares, is valuation. Overall, the region is trading on a historic price to book value multiple close to its lows during the global financial crisis in 2008. The most likely source of a positive surprise appears to be the adoption of a much more aggressive stance by policymakers in Asia. This would be of most benefit to domestically orientated businesses and our asset allocation is heavily biased towards these areas.

**David Robins**  
**Chairman**  
**31 August 2012**

# Financial Summary

www.hendersonasiangrowthtrust.com

| <b>Extract from the<br/>Income Statement</b> | <b>30 June 2012</b>             | <b>(Unaudited)<br/>Half year ended<br/>30 June 2012</b> | <b>30 June 2012</b>    | <b>(Unaudited)<br/>Half year ended<br/>30 June 2011</b> |
|----------------------------------------------|---------------------------------|---------------------------------------------------------|------------------------|---------------------------------------------------------|
|                                              | <b>Revenue return<br/>£'000</b> | <b>Capital return<br/>£'000</b>                         | <b>Total<br/>£'000</b> | <b>Total<br/>£'000</b>                                  |
| Investment income                            | 3,789                           | -                                                       | 3,789                  | 4,215                                                   |
| Other interest receivable and similar income | 383                             | -                                                       | 383                    | 15                                                      |
| Gains/(losses) on investments                | -                               | 19,332                                                  | 19,332                 | (10,716)                                                |
| Gross revenue and capital gains/(losses)     | 4,172                           | 19,332                                                  | 23,504                 | (6,486)                                                 |
| Expenses, finance costs & taxation           | (1,027)                         | (685)                                                   | (1,712)                | (3,668)                                                 |
| Net return/(loss) on ordinary activities     | 3,145                           | 18,647                                                  | 21,792                 | (10,154)                                                |
| <b>Return/(loss) per ordinary share</b>      | <b>1.99p</b>                    | <b>11.80p</b>                                           | <b>13.79p</b>          | <b>(6.29)p</b>                                          |

| <b>Extract from the<br/>Balance Sheet</b> | <b>30 June 2012</b> | <b>(Unaudited)<br/>Half year ended<br/>30 June 2011</b> | <b>(Audited)<br/>Year ended<br/>31 Dec 2011</b> |
|-------------------------------------------|---------------------|---------------------------------------------------------|-------------------------------------------------|
|                                           | <b>£'000</b>        | <b>£'000</b>                                            | <b>£'000</b>                                    |
| Fair value of investments                 | 285,118             | 383,824                                                 | 280,004                                         |
| Net current liabilities                   | (7,533)             | (41,222)                                                | (10,587)                                        |
| Total net assets                          | 277,585             | 342,602                                                 | 269,417                                         |
| <b>Net asset value per ordinary share</b> | <b>177.9p</b>       | <b>212.3p</b>                                           | <b>167.5p</b>                                   |

## Dividend

An interim dividend of 3.25p per ordinary share, in lieu of a final dividend for the year ended 31 December 2011, was paid on 2 April 2012.

## Share Capital

During the period the Company repurchased for cancellation 4,875,895 of its own issued shares for a total consideration of £8,495,000 (inclusive of stamp duty) leaving a balance of 156,012,512 ordinary shares of 5p each for the purpose of calculating the net asset value per share.

**This update contains material extracted from the unaudited Half Year Results of the Company for the six months ended 30 June 2012. The unabridged results for the half year are available on the Company's website [www.hendersonasiangrowthtrust.com](http://www.hendersonasiangrowthtrust.com)**

# List and Valuation of Investments

## at 30 June 2012

|                                         | £'000         | %          |                                | £'000        | %          |
|-----------------------------------------|---------------|------------|--------------------------------|--------------|------------|
| <b>CHINA</b>                            |               |            | <b>KOREA</b>                   |              |            |
| Agile Property                          | 9,171         | 3.2        | Cheil Worldwide                | 7,446        | 2.6        |
| Anhui Conch Cement                      | 6,802         | 2.4        | <b>Gamevil</b>                 | <b>7,833</b> | <b>2.8</b> |
| <b>Baidu Inc</b>                        | <b>8,820</b>  | <b>3.1</b> | Hana Tour Service              | 6,600        | 2.3        |
| <b>CITIC Securities</b>                 | <b>8,875</b>  | <b>3.1</b> | <b>Hyundai Glovis</b>          | <b>9,210</b> | <b>3.2</b> |
| <b>CNOOC</b>                            | <b>7,591</b>  | <b>2.7</b> | Hyundai Green Food             | 5,889        | 2.1        |
| Ctrip.Com                               | 3,049         | 1.0        | <b>Hyundai Motor</b>           | <b>8,948</b> | <b>3.1</b> |
| <b>Dongfeng Motor Group</b>             | <b>7,884</b>  | <b>2.8</b> | <b>Samsung Electronics</b>     | <b>9,323</b> | <b>3.3</b> |
| Gome Electrical Appliances              | 3,468         | 1.2        | SK Innovation                  | 7,443        | 2.6        |
| <b>Industrial &amp; Commercial Bank</b> |               |            |                                |              |            |
| <b>Of China</b>                         | <b>10,468</b> | <b>3.7</b> | TOTAL KOREA                    | 62,692       | 22.0       |
| <b>Petrochina</b>                       | <b>9,548</b>  | <b>3.3</b> |                                |              |            |
| Sands China                             | 7,059         | 2.5        | <b>MALAYSIA</b>                |              |            |
| <b>Tencent Holdings</b>                 | <b>8,771</b>  | <b>3.1</b> | Airasia                        | 5,751        | 2.0        |
| <b>Zhuzhou CSR Times Electric</b>       | <b>8,951</b>  | <b>3.1</b> | Bursa Malaysia                 | 199          | 0.1        |
|                                         |               |            | CIMB Group                     | 5,659        | 2.0        |
| TOTAL CHINA                             | 100,457       | 35.2       | Kuala Lumpur Kepong            | 4,399        | 1.5        |
|                                         |               |            |                                |              |            |
| <b>HONG KONG</b>                        |               |            | TOTAL MALAYSIA                 | 16,008       | 5.6        |
| Ajisen China                            | 1,876         | 0.7        | <b>SINGAPORE</b>               |              |            |
| <b>China Overseas Land</b>              |               |            | Banyan Tree                    | 2,935        | 1.1        |
| <b>&amp; Investments</b>                | <b>9,761</b>  | <b>3.4</b> | Genting Hong Kong              | 5,778        | 2.0        |
| <b>Prada</b>                            | <b>9,235</b>  | <b>3.2</b> |                                |              |            |
|                                         |               |            | TOTAL SINGAPORE                | 8,713        | 3.1        |
| TOTAL HONG KONG                         | 20,872        | 7.3        | <b>TAIWAN</b>                  |              |            |
|                                         |               |            | <b>Advanced Semiconductor</b>  | <b>7,529</b> | <b>2.6</b> |
| <b>INDIA</b>                            |               |            | <b>Foxconn Technology</b>      | <b>7,785</b> | <b>2.7</b> |
| Dish TV                                 | 2,674         | 0.9        | Wowprime                       | 4,225        | 1.6        |
| Eredene Capital*                        | 285           | 0.1        |                                |              |            |
| Exide Industries                        | 3,016         | 1.1        | TOTAL TAIWAN                   | 19,539       | 6.9        |
| Jubilant Foodworks                      | 3,830         | 1.3        | <b>THAILAND</b>                |              |            |
| Phoenix Mills                           | 2,409         | 0.8        | <b>Bangkok Bank</b>            | <b>8,752</b> | <b>3.1</b> |
| Tata Motors                             | 6,438         | 2.3        | <b>CP All</b>                  | <b>8,293</b> | <b>2.9</b> |
| Yes Bank                                | 3,028         | 1.1        |                                |              |            |
|                                         |               |            | TOTAL THAILAND                 | 17,045       | 6.0        |
| TOTAL INDIA                             | 21,680        | 7.6        | <b>VIETNAM</b>                 |              |            |
|                                         |               |            | Vietnam Enterprise Investments | 4,638        | 1.6        |
| <b>INDONESIA</b>                        |               |            |                                |              |            |
| Adaro Energy                            | 4,883         | 1.7        | TOTAL VIETNAM                  | 4,638        | 1.6        |
| <b>Bank Mandiri</b>                     | <b>8,591</b>  | <b>3.0</b> |                                |              |            |
|                                         |               |            | <b>TOTAL INVESTMENTS</b>       |              |            |
| TOTAL INDONESIA                         | 13,474        | 4.7        | <b>285,118</b>                 | <b>100.0</b> |            |

\*Listed on AIM in the UK.

Stocks in **bold** type are the top twenty largest investments, which by value account for 61.4% of the total value of investments.

**Henderson Asian Growth Trust plc of  
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is managed by**



**Henderson**  
GLOBAL INVESTORS

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