COMMENTARY

Janus Henderson Horizon Pan European Equity Fund

August 2023

Marketing communication - For professional investors only
Past performance does not predict future returns

Fund Manager Name

Marc Schartz, CFA

Investment environment

Equity markets ended August lower than where they started. The unfolding economic slowdown seems to be manifesting itself in more and more pockets of the economy, with activity in the capital goods sector now cooling down. At the very end of the month, data in the US suggested that the labour market is finally also starting to cool. This may signal that we are close to the end of the monetary tightening cycle. Uncertainty with regard to the eventual impact of monetary tightening onto the real economy remains high at this stage. Mid-cap companies generally outperformed large-cap firms for the second month in a row in August, thereby breaking with one of the most powerful trends observed over the last 18 months. Meanwhile, value-style stocks outperformed growth-style stocks by 1.2%.

Portfolio review

The fund returned -1.7% and outperformed its FTSE World Europe ex UK TR Index benchmark which returned -2.4%. The IA Europe ex UK peer group returned -2.3%.

The main positive contributor was the holding in UPM. While its financial results remained under pressure in the short term, some signs of stabilisation in the Chinese pulp market, as well as the successful ramp-up of its new Uruguayan pulp mill, were sufficient to trigger a relief rally. German firm Merck also contributed positively to fund performance. Again, the actual results announcement was not particularly exciting, but commentary suggested that the temporary destocking-related weakness in its bioprocessing business is nearing its conclusion.

Conversely, Belgian specialty chemical distributor Azelis was the main detractor from performance. While its results exhibited resilience in a difficult market environment, the company delivered results that were “only” in line with expectations. This broke a long streak in which the company had been beating expectations each quarter.

In terms of activity, we initiated a new position in Swiss industrial Daetwyler, a leading supplier of elastomer system critical packaging components to health care, food and beverage and automotive clients. Its shares have been under significant pressure for the last 18 months as its Covid-related business (seals for vaccines) unravelled and as it was facing a surge in input costs that could only be passed on to its clients with a time lag. With these headwinds having largely played out, the company's focus may shift to the significant growth opportunities in packaging solutions for the hottest pharmaceutical story on the market currently - obesity drugs. In order to fund this new position, we took profit and exited our long-standing position in German defence company Rheinmetall. While we believe that defence remains a structural growth story for years to come, its shares were up over 200% since the beginning of 2022.

Manager outlook

The pronounced (and occasionally indiscriminate) underperformance of mid-caps has resulted in more challenging conditions for our approach this year. However, we remain confident that the solid fundamentals of medium-sized companies in general - and especially those we invest in - will eventually shine through. Consistent with our core approach, the fund is set up in a balanced way in terms of the types of stocks and the sectors we invest in, making relative performance not dependent on a specific macroeconomic development.

Source: Janus Henderson Investors, as at 31 August 2023

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Fund information (Investment policy is on the next page)

Index	FTSE World Europe Index
Morningstar sector	Europe OE Europe Large-Cap Blend Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the FTSE World Europe Index, after the deduction of charges, over any 5 year period.

Performance in (EUR)

Performance %	A2 (Net)	Index	Sector
1 month	-1.7	-2.4	-2.3
YTD	8.5	11.3	9.5
1 year	11.3	14.6	11.3
3 years (annualised)	3.8	11.5	8.3
5 years (annualised)	4.0	6.9	4.6
10 years (annualised)	5.4	7.6	6.0

Source: at 31 Aug 2023. © 2023 Morningstar. All rights reserved, performance is with gross income reinvested. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Calendar year returns %	A2 (Net)	Index	Sector
2023 to 30 Jun 2023	7.5	11.5	10.2
2022	-15.9	-9.4	-13.1
2021	12.6	25.4	23.0
2020	8.5	-2.3	-0.9
2019	27.4	26.9	24.5
2018	-15.7	-10.4	-12.7
2017	7.8	11.4	10.1
2016	-3.8	3.2	-0.2
2015	15.3	8.8	11.1
2014	6.4	7.5	5.6
2013	25.2	20.0	19.8

Source: at 30 Jun 2023. © 2023 Morningstar. All rights reserved, performance is with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund.

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.

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 http://www.janushenderson.com.

Source for target returns (where applicable) – Janus Henderson. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. With effect from 1 January 2023, the Key Investor Information document (KIID) changed to the Key Information Document (KID), except in the UK where investors should continue to refer to the KIID. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records/scenarios are detailed within the fund's specific KIID/KID, fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID which must be reviewed before investing. Please consult your local sales representative if you have any further queries.

From 01 August 2022, Jamie Ross no longer manages this fund, Marc Schartz and Simon Rowe now co-manage this fund. From 1 November 2022 Simon Rowe no longer manages this fund.

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Past performance does not predict future returns. 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

Performance fees are charged separately as a way of rewarding the investment manager for superior returns or for outperforming specified targets. A Performance Fee is accrued where the NAV outperforms the relevant Hurdle NAV (subject to a High Water Mark). For further explanation of the performance fee calculation methodology please see the relevant prospectus, available at http://www.janushenderson.com.

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What are the risks specific to this fund?

- When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact the value of the Fund due to differences in short-term interest rates between the currencies.
- 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.
- 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 with the aim of reducing risk or managing the portfolio more efficiently. However this introduces 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.

General risks

- Past performance does not predict future returns.
- 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.
- Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change.

Investment policy

The Fund invests at least 75% of its assets in a concentrated portfolio of shares (equities) and equity-related securities of companies, of any size, in any industry, in the EEA or the UK. Companies will have their registered office in the EEA or the UK.

The Fund may also invest in other assets including cash and money market instruments.

The investment manager may use derivatives (complex financial instruments) to reduce risk or to manage the Fund more efficiently.

The Fund is actively managed with reference to the FTSE World Europe Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target and the level above which performance fees may be charged (if applicable). The investment manager has discretion to choose investments for the Fund with weightings different to the index or not in the index, but at times the Fund may hold investments similar to the index.

Janus Henderson Horizon Pan European Equity Fund

For further information on the Luxembourg-domiciled Janus Henderson fund range please contact your local sales office or visit our website: www.janushenderson.com.

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Important information

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

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