Janus Henderson INVESTORS

THE TERMS USED BUT NOT OTHERWISE DEFINED IN THIS NOTICE SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE PROSPECTUS DATED JULY 2020 (THE "PROSPECTUS") AND/OR ITS ACCOMPANYING HONG KONG COVERING DOCUMENT. THE DIRECTORS ACCEPT RESPONSIBILITY FOR THE ACCURACY OF THIS NOTICE.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION TO BE TAKEN PLEASE CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, RELATIONSHIP MANAGER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

JANUS HENDERSON HORIZON FUND (the "Company")
Société d'Investissement à Capital Variable (SICAV)
LUXEMBOURG
RCS B 22847

26 March 2021

Dear Shareholder,

We are writing to inform you of certain changes we are making to the Company and the relevant Funds referred to in the Appendices, which are summarised below and will be effective as of **1 July 2021**.

For the avoidance of doubt, there is no change to the relevant Funds' risk profile, the composition of the relevant Funds' portfolios or the way the relevant Funds are managed as a result of these changes.

Please see "**Options Available To You"** below for further information on how to respond to this notice.

Unless otherwise stated, defined terms used herein bear the meaning attributed to them in the Company's latest Hong Kong offering documents (comprising the Prospectus, the Hong Kong Covering Document ("**HKCD**") and the relevant Product Key Fact Statements ("**KFS**"), collectively the "**Hong Kong Offering Documents**").

1. Changes to the Performance Fee Calculation Methodology

In April 2020, the European Securities and Markets Authority (ESMA) published its final report (in English) regarding guidelines on performance fees in UCITS (the "**Guidelines**"). The Guidelines aim to establish a common standard in relation to performance fee structures across the investment management industry in the European Union, with the aim of providing consistent and transparent disclosures to investors, as well as providing greater clarity on the circumstances in which performance fees may be paid. In order to comply with the Guidelines, the Directors and Management Company have reviewed the Company's performance fee calculation methodology and proposed changes to it. The relevant changes will be disclosed in the revised Hong Kong Offering Documents to be issued on or around **6 April 2021** while the changes will be effective from **1 July 2021**.

Please see Appendix 1 for further details including the options available to you on how to respond to these changes.

2. Changes to the Janus Henderson Horizon Fund - Pan European Absolute Return Fund

With effect from **1 July 2021**, the reference benchmark used as the basis for this Fund's performance target and for calculating performance fees of the relevant Share Classes will change. In addition, the hurdle rate of return that is used for calculating performance fees will be the relevant new benchmark plus an additional level of excess return of 1%. This will be the new level that needs to be achieved before performance fees will be accrued under the revised performance fee calculation methodology which will take effect from 1 July 2021 as mentioned above.

Please see Appendix 2 for further details including the options available to you on how to respond to these changes.

Unless otherwise stated in the Appendix for the specific changes, the Directors confirm that the costs and expenses in connection with the changes in this notice will be borne by the relevant Funds. These costs and expenses will not have a material impact on the fees and expenses incurred by the respective Funds. The costs incurred in connection with these changes are insignificant by reference to the relevant Funds' Net Asset Value.

OPTIONS AVAILABLE TO YOU

If you agree with the above changes, you do not need to take any action in response to this notice.

If you do not agree with the above changes, you may, at any time prior to **1 July 2021**, switch[1] or redeem your Shares in the relevant Funds without any charges. Switches[1] and redemptions will be carried out in accordance with the terms of the Hong Kong Offering Documents.

How to switch[1] or redeem your Shares, should you choose to do so
Any instruction to switch[1] or redeem your Shares should be sent to the local representative in Hong Kong or to the Registrar and Transfer Agent via the contact details provided below in accordance with the procedures set out in the Hong Kong Offering Documents.

Prior to 6 April 2021:

Hong Kong Representative
RBC Investor Services Trust Hong Kong Limited,
42/F One Taikoo Place
Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
Telephone number: +852 2978 5656
Fax number: +852 2845 0360

Registrar and Transfer Agent
RBC Investor Services Bank S.A,
14, Porte de France,
L-4360 Esch-sur-Alzette,
Grand Duchy of Luxembourg
Telephone number: (352) 2605 9601
Fax number: (352) 2460 9937

From 6 April 2021:

Hong Kong Representative

[1] Please note that switching of Shares in the Fund may only be made into Shares of any other SFC-authorised Fund of the Company. SFC authorisation is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Janus Henderson Investors Hong Kong Limited
Suites 1911-1915,
One International Finance Centre,
1 Harbour View Street,
Central, Hong Kong

Registrar and Transfer Agent
International Financial Data Services (Luxembourg) S.A,
Bishops Square
Redmond's Hill
Dublin 2
Ireland Telephone number: +353 1 242 5453
Fax number: +353 1 562 5537

A switch[1] or redemption of your Shares may affect your tax position. You should therefore seek guidance from a professional adviser on any taxes that apply in the country of your respective citizenship, domicile or residence.

Please note that the Directors have discretion to apply a dilution adjustment to reflect more fairly the value of the investments in circumstances the Directors consider appropriate, with the view to protecting the interests of remaining Shareholders. Any dilution adjustment will be applied in accordance with the provisions of the Hong Kong Offering Documents and may lower the proceeds that you receive from the sale of your Shares in the case of redemption or the value of your Shares in the case of switching[1].

If you choose to redeem your Shares in the relevant Funds, we will pay the redemption proceeds to you in accordance with the provisions of the Hong Kong Offering Documents, except that we will not impose any fee (except for any dilution adjustment, as described above) if you redeem because of the changes described in this notice.

We may require documentation to verify or update your identity if we do not already hold it. We may delay payment until we receive such verification. We will normally make payment in accordance with the standing instructions we hold on file. If you have changed your bank account and not informed us, please confirm your up-to-date details in writing to Registrar and Transfer Agent at the address provided above.

If you choose to switch[1] your Shares to a holding in a different Fund, then we will use the proceeds to purchase Shares in the Fund(s) you specify at the share price applicable to that Fund in accordance with the provisions of the Hong Kong Offering Documents except that we will not impose any fee (except for any dilution adjustment, as described above) if you switch[1] because of the changes described in this notice.

If you are in any doubt about the action to be taken, please seek advice from your stockbroker, bank manager, solicitor, accountant, relationship manager or other professional adviser.

<u>How to contact us</u>
If you have any questions, please contact the Registrar and Transfer Agent or the Hong Kong Representative, using the details above.

The revised Hong Kong Offering Documents reflecting the changes in this notice may be obtained free of charge in due course, as well as the Company's latest articles and the Company's latest annual and semi-annual reports from the registered office of the Hong Kong Representative detailed above and at www.janushenderson.com[2].

Please note that subsidiaries and/or delegated third parties of the Janus Henderson Group that you communicate with about your investment may record telephone calls and other communications for training, quality and monitoring purposes and to meet regulatory record keeping obligations in accordance with the Privacy Policy.

Yours faithfully,

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Chairman

[2] This website has not been reviewed by the SFC and may contain information relating to funds not authorised by the SFC and not available to Hong Kong investors.

Janus Henderson INVESTORS

Appendix 1
Changes to the Performance Fee Calculation Methodology

The following Funds may currently charge a performance fee in respect of the Share Classes available to Hong Kong retail investors:

1. Asia-Pacific Property Income Fund
2. Asian Dividend Income Fund
3. Asian Growth Fund
4. Biotechnology Fund
5. Euroland Fund
6. European Growth Fund
7. Global Equity Income Fund
8. Global Property Equities Fund
9. Global Technology Leaders Fund
10. Japan Opportunities Fund
11. Japanese Smaller Companies Fund
12. Pan European Absolute Return Fund
13. Pan European Equity Fund
14. Pan European Property Equities Fund
15. Pan European Smaller Companies Fund

(each a “**Relevant Fund**”, collectively the “**Relevant Funds**”)

The Company’s performance fee calculation methodology of the Relevant Funds will be changed with effect from **1 July 2021**.

Background

In April 2020, European Securities and Markets Authority (ESMA) issued their final report (in English) on ‘Guidelines on performance fees in UCITS and certain types of AIFs’ (the “**Guidelines**”). The Guidelines aim to establish a common standard in relation to performance fee structures across the investment management industry in the European Union, with the aim of providing consistent and transparent disclosures to investors, as well as providing greater clarity on the circumstances in which performance fees may be paid. In particular, the Guidelines aim to ensure that performance fee models used by asset managers comply with the following principles:

- acting honestly and fairly in conducting business activities;
- acting with due skill, care and diligence, and in investors’ best interests; and
- preventing undue costs being charged to investors.

In response to these Guidelines, the Management Company has conducted a comprehensive review of the Company’s existing performance fee calculation methodology and proposed certain changes, not only to comply with the Guidelines, but to also reflect developments and best industry practices regarding performance fee methodologies (the “**New Methodology**”).

The Directors have reviewed the proposal in detail and believe the New Methodology is appropriate. The disclosure of the New Methodology will be available in the revised Hong Kong Offering Documents to be issued on or around **6 April 2021** and will take effect from **1 July 2021**.

Existing Methodology

Under the existing methodology, the performance fee is calculated as a percentage (i.e. 10% for all Relevant Funds, except for the Biotechnology Fund and the Pan European Absolute Return Fund where the percentage is 20%) of the amount by which the increase in the total net asset value (NAV) per Share during the relevant performance period exceeds the increase in the relevant benchmark over the same period and in accordance with the High Water Mark principle.

The High Water Mark represents the highest NAV achieved in respect of whch a performance fee was paid at the end of a performance period. The High Water Mark principle means that a performance fee is only payable when the relevant Share Class' performance exceeds the High Water Mark (i.e. investors will not be charged a performance fee in respect of any Dealing Day on which the NAV is below the highest level achieved as at the end of a performance period and that performance fees cannot be accrued or paid more than once by an investor for the same level of performance). If no performance fee is payable at the end of a performance period, the same High Water Mark used at the start of that performance period will be carried over to the next performance period.

The performance period is a 12-month period starting on 1 July and ending on 30 June the following year. If a Share Class is launched during this period, the first performance period will start on the launch date ending on the following 30 June.

The performance fee is accrued on every Dealing Day based on the Outperformance per Share (i.e. difference between the NAV per Share on that Dealing Day and the higher of the High Water Mark and the Target NAV per Share), multiplied by the average number of Shares in issue over the relevant performance period and the relevant performance fee percentage. Please refer to the table under the heading "Summary of the Key Changes in the New Methodology" below for further details on the daily accrual calculation.

The performance fee accrual as at the prior Dealing Day is adjusted to reflect the Share Class performance on the current Dealing Day, positive or negative. If the NAV per Share on any given Dealing Day is lower than the Target NAV per Share or the High Water Mark (i.e. there is no Outperformance), the accrual made as at the prior Dealing Day is reversed for the benefit of the relevant Share Class. At the end of each performance period, should there be a positive accrual made over the performance period, such accrued performance fee will be payable to the Management Company as soon as practicable.

Summary of the Key Changes in the New Methodology

The New Methodology remains to be on a "high-on-high" basis in accordance with the High Water Mark principle. The performance fee calculation will continue to reference the performance of a benchmark (as reflected in the Hurdle NAV shown in the table below) and the relevant Share Class will need to outperform both the High Water Mark and the Hurdle NAV before a performance fee can be charged.

In addition, there will be no change to the performance fee percentage (i.e. 10% for all Relevant Funds (or 20% for the Biotechnology Fund and the Pan European Absolute Return Fund)).

In accordance with Guideline 4 of the Guidelines, any underperformance or loss of a Share Class during the performance reference period should be recovered before a performance fee will become payable. For the avoidance of doubt, this is consistent with the existing methodology which is on a "high-on-high" basis.

There will be continuity of the High Water Mark after the implementation of the New Methodology (i.e. if a performance fee is payable as at 30 June 2021, the NAV per Share as at that day will be the new High Water Mark; otherwise, the same High Water Mark will be carried over to the next performance period (referred to as the “Crystallisation Period” in the New Methodology)). If there is outperformance, any aggregate accrued performance fee as at the end of the current performance period ending on 30 June 2021 will crystallise and become payable to the Investment Manager at the end of the performance period on 30 June 2021. To the extent that the NAV per Share of the relevant Share Class decreases or underperforms the relevant benchmark, no performance fee will be accrued until such decrease and any underperformance has been made good in full and any previously accrued but unpaid performance fees will be partly or fully reversed accordingly. In other words, any underperformance or loss of the relevant Share Class as at 30 June 2021 will be carried into the next Crystallisation Period starting from 1 July 2021 and will be recovered in all circumstances before a performance fee becomes payable.

The performance fee will also accrue on every Dealing Day under the New Methodology. However, the daily accrual calculation under the existing methodology and the New Methodology is different as set out in the table below:

Existing Methodology	**New Methodology**
Performance fee is accrued on each Dealing Day. The performance fee accrual as at the prior Dealing Day is adjusted to reflect the Share Class performance on the current Dealing Day, positive or negative. The performance fee accrual for the Share Class on each Dealing Day is determined based on the following: Outperformance per Share x Average number of Shares in issue during the performance period x 10% for all Relevant Funds (or 20% for the Biotechnology Fund and the Pan European Absolute Return Fund). where **Outperformance per Share** = **NAV per Share** (before deduction of any accrual for the performance fee during the relevant performance period but after the deduction of any distribution declared and all other fees, charges and expenses) **- the greater of the High Water Mark or the Target NAV per Share.** **High Water Mark** is the initial launch price of the Share or, if higher, the NAV per Share as at the end of the last performance period in which a performance fee was payable. **Target NAV per Share** is a hypothetical NAV per Share determined by increasing/decreasing the NAV per Share (as at the last time that a performance fee was	Performance fee is accrued on each Dealing Day. The performance fee accrual as at the prior Dealing Day is adjusted to reflect the Share Class performance on the current Dealing Day, positive or negative. The change in the amount of performance fee accrual for the Share Class on each Dealing Day is determined based on the following: Outperformance per Share x Current number of Shares in issue as at the Valuation Point on that Dealing Day x 10% for all Relevant Funds (or 20% for the Biotechnology Fund and the Pan European Absolute Return Fund), adjusted downwards for the impact of performance fee crystallised on net redemptions (if any) where **Outperformance per Share** = **Current Day NAV performance** (i.e. Current Day NAV – prior day NAV) **– Hurdle NAV performance** (i.e. Hurdle NAV – prior day Hurdle NAV) **Current Day NAV** means the NAV per Share before taking into account the performance fee accrual adjustment for that Dealing Day. However, it will reflect any previously accrued performance fee (if it is positive) up to that Dealing Day. **Hurdle NAV** is used in combination with the High Water Mark to determine whether a performance fee can be accrued. It has

paid or, if none has been paid, the date of introduction of the performance fee in relation to a particular Fund) (i.e. the last High Water Mark) in proportion to the percentage change in the relevant benchmark from the beginning of the performance period up to the date as at which the calculation is being made. **Average number of Shares in issue** during the performance period is calculated by adding the total number of Shares in issue as at a Valuation Point on each Dealing Day of the relevant performance period divided by the total number of Dealing Days in such performance period. If the NAV per Share on any given Dealing Day is lower than the Target NAV per Share or the High Water Mark (i.e. there is no Outperformance), the accrual made as at the prior Dealing Day is reversed for the benefit of the relevant Share Class.	factored in the Hurdle Rate which represents the additional rate of return above the High Water Mark which the relevant Share Class must achieve before a performance fee can be charged. The Hurdle Rate may be a set percentage or referenced to a financial rate or index (i.e. the reference benchmark) or a combination of both. The Hurdle Rate for each relevant Fund will be disclosed under the “Funds” section in the Prospectus. If performance fee is payable at the Crystallisation Period end, the Hurdle NAV at the start of the following Crystallisation Period is reset to the new High Water Mark (i.e. the NAV per Share as at the last Crystallisation Period end). The first Hurdle NAV of the new Crystallisation Period is calculated by increasing/decreasing the reset Hurdle NAV in proportion to the day-on-day percentage change in the relevant Hurdle Rate if it is an index or by applying the relevant daily proportion of the financial rate. If no performance fee is payable at the Crystallisation Period end, neither the High Water Mark or the Hurdle NAV is reset to ensure past underperformance is carried forward into the following Crystallisation Period. The first Hurdle NAV of the new Crystallisation Period will be calculated by increasing/decreasing the prior day Hurdle NAV in proportion to the day-on-day percentage change in the relevant Hurdle Rate if it is an index or by applying the relevant daily proportion of the financial rate. Thereafter, the Hurdle NAV on subsequent Dealing Days will be calculated by increasing/decreasing the prior day Hurdle NAV in proportion to the day-on-day percentage change in the relevant Hurdle Rate if it is an index or by applying the relevant daily proportion of the financial rate. **High Water Mark** is the initial launch price of the Share or, if higher, the NAV per Share as at the end of the last Crystallisation Period in which a performance fee was payable. The maximum performance fee accrual at each Valuation Point is capped at the amount calculated in accordance with the following formula:

	(Gross NAV – the higher of the High Water Mark and the Hurdle NAV) x Current no. of Shares in issue as at the Valuation Point on that day x 10% for all Relevant Funds (or 20% for the Biotechnology Fund and the Pan European Absolute Return Fund). **Gross NAV** means the NAV per Share before any deduction is made for any performance fee accrual during the relevant Crystallisation Period but after the deduction of any distribution declared and all other fees, charges and expenses. If there is no Outperformance per Share on any given Dealing Day, any provision for performance fee accrued up to the Valuation Point of that Dealing Day during the Crystallisation Period will be reduced proportionately to reflect the extent of the underperformance per Share on that Dealing Day for the benefit of the Share Class and be added back to the NAV at that Valuation Point.

The following table shows when a performance fee may become payable under the existing methodology and the New Methodology:

Existing Methodology	New Methodology
If at the end of the performance period, there is positive outperformance, a performance fee will be accrued, crystallised and become payable. No performance fee will be payable if at the end of the performance period, there is zero or negative outperformance. At the end of each performance period, any performance fee payable will be paid to the Management Company as soon as practicable	If at the end of a Crystallisation Period, the Gross NAV is above the High Water Mark and the Hurdle NAV, a performance fee will be accrued, crystallised and become payable. No performance fee will be payable if at the end of a Crystallisation Period, the Gross NAV does not exceed the High Water Mark or the Hurdle NAV. At the end of each Crystallisation Period, any performance fee payable will be paid to the Investment Manager as soon as practicable. It should be noted that if a performance fee is accrued on a Dealing Day in accordance with the daily accrual calculation set out in the table above and net redemption of Shares occurs on that Dealing Day, the performance fee in respect of the net redeemed Shares will be crystallised. Any such crystallised performance fee will no longer form part of the performance fee accrual within the Share Class and will be paid to the Investment Manager as soon as practicable. In the event of subsequent underperformance of the Share Class during the Crystallisation Period, the performance fee crystallised upon net redemption will not be refunded.

The New Methodology differs in the following two key aspects:-

1. Daily accrual calculation

a. Calculation formula

As shown in the above table in relation to the daily accrual calculation:

- The Outperformance per Share is currently calculated by comparing (i) the NAV per Share on that Dealing Day before deduction of any performance fee accrual during the relevant performance period but after the deduction of any distribution declared and all other fees, charges and expenses and (ii) the greater of the High Water Mark and the Target NAV per Share. Under the New Methodology, the calculation for the Outperformance per Share on each Dealing Day is based on a comparison of the day-on-day change of the NAV and the Hurdle NAV.
- The total performance fee daily accrual in respect of a Share Class is currently based on the <u>average number of Shares in issue over the relevant performance period</u>. For the purpose of this calculation, the last time that a performance fee was paid will be considered

to be the beginning of the performance period. Under the New Methodology, the number of Shares in issue on the relevant Dealing Day will be used to calculate the total performance fee accrual for the relevant Share Class.

- The existing methodology uses a longer-term outperformance calculation applied to an average number of Shares. The New Methodology uses a daily outperformance calculation applied to the number of Shares that day. If the number of Shares does not change over the relevant performance period/Crystallisation Period and therefore the average number of shares and the current number of shares are the same, the calculation result is almost identical assuming all other relevant parameters including the performance of the Share Class, High Water Mark and the performance of the relevant reference benchmark are the same. However, if the number of Shares changes over time, the calculation result can differ.
- The "Target NAV" under the existing methodology on any given Dealing Day is calculated by adjusting the last High Water Mark in proportion to the percentage change in the relevant benchmark from the beginning of the performance period up to the relevant Dealing Day as at which the calculation is being made. The "Hurdle NAV" under the New Methodology on any given Dealing Day is calculated by adjusting the prior day Hurdle NAV in proportion to the day-on-day percentage change in the relevant Hurdle Rate. Whilst the calculation mechanism differs, the value of the "Target NAV" and the "Hurdle NAV" on any given Dealing Day is the same in respect of the same reference benchmark.

b. Maximum accrual

The amount of daily accrual is currently not subject to any maximum.

Under the New Methodology, the amount of daily accrual is capped at the performance fee percentage rate multiplied by (i) the difference between the Gross NAV and the higher of the High Water Mark and the Hurdle NAV and (ii) the current number of Shares in issue at that Valuation Point as shown in the formula in the above table.

Rationale

The above changes are aimed at enhancing the daily accrual calculation of performance fee to reflect the performance of a Share Class more accurately.

In particular, where there are large subscriptions and/or redemptions over the relevant performance period or where the performance period is extended over a long period of time due to underperformance, the average number of Shares in issue over such period may not be representative of the number of Shares in issue on a given Dealing Day. Therefore, using the number of Shares in issue on the relevant Dealing Day as the calculation basis will allow a more accurate performance fee daily accrual by (i) mitigating the potential distortions to the average number of Shares as mentioned above and (ii) minimising the need for manual adjustments in light of such distortions. This change is also necessary in order to accurately calculate the proportionate amount of performance fee crystallised upon net redemption as further detailed below.

This maximum accrual calculation will ensure that the performance fee is based on the positive return of the Gross NAV over the High Water Mark in accordance with the High Water Mark principle in circumstances such as when there is outperformance of the NAV relative to the Hurdle NAV but the Hurdle NAV is below the High Water Mark.

2. Crystallisation of performance fee

As shown in the above table in relation to when a performance fee may become payable, crystallisation may currently only occur at the end of a performance period (i.e. when the performance fee will become payable to the Investment Manager).

Under the New Methodology, crystallisation may occur upon net redemption on a Dealing Day and at the end of a Crystallisation Period.

The amount of performance fee to be crystallised upon net redemption will be the amount of performance fee per Share accrued as at that Dealing Day multipled by the number of net redeemed Shares. Any such crystallised performance fee will no longer form part of the performance fee accrual within the Share Class and will be paid to the Investment Manager as soon as practicable, as opposed to payment of all aggregate accrued performance fee at the end of the relevant Crystallisation Period. The payment of performance fee to the Investment Manager may therefore effectively be more frequent. In the event of subsequent underperformance of the Share Class, the performance fee crystallised upon net redemption will not be refunded.

It should be noted that the High Water Mark will remain the same throughout the relevant Crystallisation Period. It will not be reset where crystallisation occurs upon a net redemption as the NAV achieved at the point of redemption is only applicable to the redeeming investors and no performance fee is paid in respect of the remaining investors at that point.

Rationale

The practice to crystallise performance fee upon net redemption is required under the Guidelines. It aims to better align the interests between the Investment Manager and investors by (i) enabling the Investment Manager to crystallise the performance fee in respect of the net redeemed Shares where outperformance is achieved and (ii) allowing fair and equitable treatment of investors whereby investors will contribute to the performance fee payable to the Investment Manager depending on their invested time.

Details on how this may be achieved are further explained below:

In the existing methodology the performance fee in respect of the net redeemed Shares is paid by the redeeming investor through the redemption price. However, such performance fee is not crystallised and remains within the performance fee accrual at the Share Class level and will be subject to subsequent reversal in the case of underperformance of the Share Class. In these circumstances the Investment Manager will not receive the performance fee paid; however, remaining investors at the end of the performance period would benefit from the amount of fee paid by the redeeming investor, as the relevant amount of fee will be transferred to the Share Class NAV. If the Share Class has underperformed at the end of the performance period, no performance fee (including the performance fee effectively paid by the redeeming investors as reflected in the redemption price) will be payable to the Investment Manager. In effect, in the event of underperformance at the end of a performance period, the Investment Manager will not receive the performance fee in respect of the redeemed Shares notwithstanding that the redeeming investors may have benefited from the outperformance of the Shares on the redemption day. However, if the Share Class has outperformed as at the end of the performance period, a performance fee will be payable to the Investment Manager out of the Share Class.

By crystallising a proportionate amount of performance fee out of the net redeemed Shares, the redeeming investors will contribute to the performance fee payable to the Investment Manager and the Investment Manager will be able to receive due amount of the performance fee in respect of the redeemed Shares irrespective of subsequent underperformance of the Share Class.

Impact on investors

The changes in the daily accrual calculation as set out above are considered beneficial to investors as they result in a more accurate daily accrual of performance fees.

As the redemption price reflects any performance fee accrued as at the relevant Dealing Day under both the existing methodology and the New Methodology, crystallising the performance fee upon net redemption under the New Methodology will not impact the redemption price hence there is no impact on redeeming investors. However, as any performance fee crystallised in respect of the net redeemed Shares will no longer form part of the performance fee accrual of the Share Class and will be paid to the Investment Manager as soon as practicable, the remaining investors at the end of the Crystallisation Period will no longer be able to benefit from the transfer of the performance fee paid by redeeming investors in the Crystallisation Period to the Share Class NAV as per the existing calculation methodology.

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In addition, the Directors confirm that in respect of the New Methodology:

- There will be no material change in the operation and/or manner in which the Relevant Funds are being managed.
- There will be no change to the features (including investment objectives and policies) or overall risk profile of the Relevant Funds.
- There will not be material adverse impact on the rights or interests of the Shareholders of the Relevant Funds.
- There are no new fees, charges or increases in existing fees or charges borne by the Relevant Funds except that the New Methodology may lead to a different value of performance fee (which may be higher or lower) compared to the calculation under the existing methodology. This may impact the subscription price and redemption price of the Relevant Funds as they are based on the NAV per Share after the performance fee accrual. For the avoidance of doubt, there is no other change in the fee level or costs in managing the Relevant Funds following the implementation of the New Methodology.

Save as disclosed above, there are no other effects on existing investors of the Relevant Funds as a result of the above changes.

Options available to you

- If you agree with the above changes, you do not need to take any action.
- If you do not agree with the above changes, you may, at any time prior to **1 July 2021**, switch[1] or redeem your Shares in the Relevant Funds without any charges. Switches[1] or redemptions will be carried out in accordance with the terms of the Hong Kong Offering Documents.

Appendix 2
Changes to the Janus Henderson Horizon Fund - Pan European Absolute Return Fund (the "Fund")

With effect from **1 July 2021** and in conjunction with the implementation of changes to the Company's performance fee calculation methodology to comply with the Guidelines described in Appendix 1, the following changes will be made to the Fund:

- The reference benchmark used as the basis for the Fund's performance target will change from Euro Main Refinancing Rate to Euro Short Term Rate (€STR).
- The reference benchmark used as the basis for calculating performance fees for the relevant Share Classes for the Fund (the "**Relevant Share Classes**") which are denominated in the Fund's Base Currency will change from Euro Main Refinancing Rate to Euro Short Term Rate (€STR) +1%.
- For the Relevant Share Classes which are currency Hedged Share Classes, the relevant reference benchmark used as the basis for calculating performance fees will change as follows:

    - USD Hedged Share Classes: from US Federal Funds Rate to Secured Overnight Financing Rate (SOFR) + 1%
    - SGD Hedged Share Classes: from Singapore Interbank Offered Rate (SIBOR) to Singapore Overnight Rate Average (SORA) + 1%

The Fund's performance target and benchmark usage as disclosed in the Prospectus will be revised as follows:

"Performance Target
To outperform the Euro Short Term Rate (€STR), after the deduction of charges, over any 3-year period.

Active Management and Benchmark Usage
The Fund is actively managed and makes reference to the €STR as this forms the basis of the Fund's Performance Target and the calculation of Performance Fees (if applicable). For currency Hedged Share Classes, the rate that corresponds with the relevant Share Class currency is used as the basis of the performance comparison and for calculating Performance Fees. The Investment Manager has complete discretion to choose investments for the Fund and is not constrained by a benchmark."

The above disclosure will be available in the revised Hong Kong Offering Documents to be issued on or around **6 April 2021** and will take effect from **1 July 2021**.

Please see section **'Share Classes Impacted'** below in this Appendix for a list of the Relevant Share Classes impacted by the above changes.

<u>Rationale for the change of (i) reference benchmark and (ii) the hurdle rate of return that is used for calculating performance fees</u>

The Directors' specific review of the Fund to comply with the Guidelines described in Appendix 1 also considered the consistency between this Fund's performance fee reference benchmark and its absolute return investment objective. Following this review, the change proposal is two-fold:

- Change the reference benchmark to Euro Short Term Rate (€STR) for the Relevant Share Classes denominated in the Base Currency of the Fund, which is an interest rate benchmark that reflects the overnight borrowing costs of banks within the Eurozone. With the financial services industry and regulators transitioning towards risk free rates and market-based rates as part of wider benchmark interest rate reform, €STR has been developed by the European Central Bank as its new interest rate benchmark and is the recommended Euro risk-free rate. The Directors therefore believe €STR to be a more appropriate and robust reference market-based benchmark for this Fund for the purpose of calculating performance fee and as the Fund's performance target.

With regards to the performance fee calculation for currency Hedged Share Classes, the new reference rates (SOFR and SORA) are globally recognised risk-free / market-based rates that the Directors consider are most appropriate going forward as the reference benchmarks for the relevant currency Hedged Share Classes. SORA is a risk-free rate that has been identified by Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee (ABS-SFEMC) as the most suitable and robust benchmark to replace Singapore Interbank Offered Rate (SIBOR), which will be discontinued at the end of 2024 (following on where Interbank Offer Rates (IBORs) are no longer considered viable benchmark rates by global regulators and are being replaced with Risk Free Rates (RFR)). SORA is the recognised replacement RFR for SIBOR. SOFR, published by the US Federal Reserve of New York, is a more robust and the preferred market-based short term rate vs. the US Federal Funds Rate

- Introduce an additional hurdle of 1% in the benchmark level above which performance fees may be charged for all Relevant Share Classes. The Fund has a significant focus in the European equity markets, where its underlying investments are particularly sensitive to equity price changes in the overall market which can either positively or negatively affect the Fund's performance, regardless of the Investment Manager's skills in seeking to achieve the Fund's absolute return investment objective. In line with the Guidelines, in particular the principles of acting honestly and fairly in conducting business activities and preventing undue costs being charged to investors, the Directors therefore propose to introduce an additional level of excess return of 1% to be achieved in the hurdle rate of return before performance fees will be accrued.

Impact of the change of reference benchmark for calculating the performance fee

Generally, the performance period for calculating the performance fee is from 1 July of a year to 30 June of the following year. For the purpose of this calculation, the last time that a performance fee was paid or the date on which the performance fee was introduced for the first period (whichever is later) will be considered to be the start of the relevant performance period for the Relevant Share Class.

As mentioned above, the current reference benchmark for calculating the performance fee in respect of the Relevant Share Classes denominated in the Base Currency of the Fund is Euro Main Refinancing Rate (or for the currency Hedged Share Classes, the relevant central bank rates corresponding to their share class currency as stated above) (the "**Current Benchmark**").

Accordingly, up until and including **30 June 2021**, the performance fee of the Relevant Share Classes will be determined based on the relevant Current Benchmark. The performance fee will be calculated in accordance with the existing methodology as disclosed in the Hong Kong Offering Documents.

With effect from **1 July 2021**, the new reference benchmark for calculating the performance fee is the Euro Short Term Rate (€STR) (or for the currency Hedged Share Classes, the relevant central bank rates corresponding to their share class currency as stated above) plus an additional level of excess return of 1% (the "**New Benchmark**").

From and including **1 July 2021**, the performance fee in respect of the Relevant Share Classes will be determined based on the relevant New Benchmark. The performance fee will be calculated in accordance with the New Methodology as described in Appendix 1 which will be included in the revised Hong Kong Offering Documents to be issued on or around **6 April 2021**.

As at the date of this notice, there are performance fees accruing against the Current Benchmark in respect of certain Relevant Share Classes. Performance fees against the Current Benchmark may continue to accrue from the date of this notice until **30 June 2021**. If there is outperformance, any aggregate accrued performance fee for the current performance period will crystallise at the end of the performance period and become payable to the Investment Manager at the end of the performance period on **30 June 2021**. To the extent that the NAV per Share of the Relevant Share Class decreases or underperforms the relevant benchmark, no performance fee will be accrued until such decrease and any underperformance has been made good in full and any previously accrued but unpaid performance fees will be partly or fully reversed accordingly.

If no performance fee is payable on 30 June 2021, the initial base value of the Hurdle NAV for calculating the performance fee on 1 July 2021 under the New Methodology will be equal to the Target NAV as at 30 June 2021 so that the under performance of the relevant Current Benchmark will be reflected in the initial base value of the Hurdle NAV. The Hurdle NAV on 1 July 2021 will be calculated by applying the daily proportion of the relevant New Benchmark to the Target NAV as at 30 June 2021. The Hurdle NAV performance as at 1 July 2021 is the Hurdle NAV on 1 July 2021 less the Target NAV on 30 June 2021. The Hurdle NAV on subsequent Dealing Days will be calculated by applying the daily proportion of the relevant New Benchmark to the prior day Hurdle NAV. The Hurdle NAV performance on subsequent Dealing Days will be the Hurdle NAV on that Dealing Day less the prior day Hurdle NAV.

If performance fee is payable on 30 June 2021 the Hurdle NAV as at 1 July 2021 is calculated by applying the daily proportion of the relevant New Benchmark to the new High Water Mark which is the NAV per Share as at 30 June 2021. The Hurdle NAV performance as at 1 July 2021 is the Hurdle NAV on 1 July 2021 less the Target NAV on 30 June 2021. The Hurdle NAV on subsequent Dealing Days will be calculated by applying the daily proportion of the relevant New Benchmark to the prior day Hurdle NAV. The Hurdle NAV performance on subsequent Dealing Days will be the Hurdle NAV on that Dealing Day less the prior day Hurdle NAV.

The current High Water Mark for determining the performance fee of the Relevant Share Classes of the Fund will not be affected by the change in the reference benchmark and will be carried forward for determining the performance fee based on the relevant New Benchmark under the New Methodology in the case of underperformance as at 30 June 2021. In the event performance fee is crystallised on 30 June 2021, the NAV per Share of the Relevant Share Class as at 30 June 2021 will be the new High Water Mark for the next performance period.

Investors should note that the change in reference benchmark may lead to a different value of performance fee compared to that which would have been calculated using the Current Benchmark. Nonetheless, in light of the introduction of the additional level of excess return of 1% with the relevant New Benchmark, the level of performance fee payable for the Relevant Share Classes is not expected to increase after the change of benchmark calculated under the New Methodology. For further details regarding the calculation of performance fees, please refer to the section in the Prospectus titled “Fees, Charges and Expenses – Performance Fees” and the section in the HKCD titled “Performance Fees”.

The Directors confirm that in respect of the above changes to the Fund:

- There will be no material change in the operation and/or manner in which the Fund is being managed.
- There will be no change to the features (including investment objective and policy) or overall risk profile of the Fund.

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- There will not be material adverse impact on the rights or interests of the shareholders of the Fund.
- There are no new fees, charges or increases in existing fees or charges borne by the Fund because of these changes except that the performance fee for the Relevant Share Classes will be determined based on the relevant New Benchmark under the New Methodology from 1 July 2021 onwards and that this may lead to a different value of performance fee (which may be higher or lower) compared to that which would have been calculated using the Current Benchmark under the existing methodology as metioned above.

Save as disclosed above, there are no other effects on existing investors of the Fund as a result of the above changes.

Share Classes Impacted

ISIN	Share Class Name	Current Benchmark	New Benchmark
LU0264597450	A1 EUR	Euro Main Refinancing Rate	€STR + 1%
LU0264597617	A2 EUR	Euro Main Refinancing Rate	€STR + 1%
LU0506197614	A2 Hedged US$	US Federal Funds Rate	SOFR + 1%
LU0506197887	A2 Hedged SGD	Singapore Interbank Offered Rate	SORA + 1%

Options available to you

- If you agree with the above change, you do not need to take any action.
- If you do not agree with the above change, you may, at any time prior to **1 July 2021,** switch[1] or redeem your Shares in the Fund without any charges. Switches[1] and redemptions will be carried out in accordance with the terms of the Hong Kong Offering Documents.