

Janus Henderson US Small-Mid Cap Value Fund

Q3 2022

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

Fund Manager Name

Kevin Preloger, Justin Tugman, CFA

Investment Environment

Stocks ended a volatile quarter in negative territory with investors concerned over the extent of monetary tightening as central banks committed to getting inflation under control. While supply chain bottlenecks and commodity prices have eased from earlier in 2022, a tight labour market kept upward pressure on wages. This led the US Federal Reserve (Fed) to announce interest rate hikes of 75 basis points in both July and September. The prospect of further monetary tightening drove bond yields higher, adding to corporate funding challenges. Economic data confirmed that higher interest rates have slowed economic growth, especially in the housing and consumer sectors. Some companies have lowered earnings forecasts because of weaker demand, especially in Europe, as well as higher costs and currency pressures. Market declines were widespread within the Russell 2500 Value Index, with the largest declines in the real estate and communication services sectors.

Portfolio Review

The fund (class A2 US dollar shares) posted a negative return but outperformed its benchmark, the Russell 2500 Value Index, for the quarter.

Stock selection in financials, health care and materials sectors contributed to relative performance. Stock selection in information technology, consumer discretionary and energy detracted.

Manager Outlook

We welcome signs that inflation pressures may be starting to ease as supply chain bottlenecks have improved and commodity prices have retreated from earlier in the year. However, inflation remains well above the Fed's targets, and policymakers have signalled that additional interest rate hikes are necessary given persistently strong inflation data and a tight labour market. We believe the full impact of Fed tightening and other economic headwinds is not yet fully reflected in corporate earnings outlooks or valuations. The potential for downward earnings revisions could add to market volatility in the coming quarters and make valuations appear less attractive. We also are avoiding or reducing the fund's exposure to companies with substantial exposure to Europe, where we see a difficult outlook.

We remain on the lookout for opportunities to use volatility to our advantage, as we seek out what we consider to be reasonably valued companies with strong balance sheets and healthy cash flows. While we continue to invest cautiously, we have begun to trim positions that have outperformed and add positions in several new names that have significantly underperformed, primarily in consumer discretionary. In our view, this disciplined, value-driven approach could help to manage downside risk while positioning the portfolio for long-term opportunity. Thank you for your continued investment in the Janus Henderson Small-Mid Cap Value Fund.

Source: Janus Henderson Investors, as at 30 September 2022

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Fund information (Investment policy is on the next page)

Index	Russell 2500 Value Index
Morningstar sector	Europe OE US Flex-Cap Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the Russell 2500 Value Index by at least 2.5% per annum, before the deduction of charges, over any 5 year period.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector
1 month	-9.0	-10.1	-9.2
YTD	-19.8	-20.4	-27.6
1 year	-14.8	-15.4	-24.1
3 years (annualised)	1.8	2.9	3.6
5 years (annualised)	3.5	4.2	4.7
10 years (annualised)	6.4	8.6	7.7
Since inception 30 Nov 2000 (annualised)	5.0	6.5	5.8

Source: at 30 Sep 2022. © 2022 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.

Discrete year performance %	A2 (Net)	Index	Sector
30 Sep 2021 to 30 Sep 2022	-14.8	-15.4	-24.1
30 Sep 2020 to 30 Sep 2021	30.1	36.6	30.9
30 Sep 2019 to 30 Sep 2020	-4.9	-5.7	12.0
30 Sep 2018 to 30 Sep 2019	2.8	3.1	-1.0
30 Sep 2017 to 30 Sep 2018	9.4	9.5	14.4

Source: at 30 Sep 2022. © 2022 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. 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.

As of 30th September 2021, the Fund name changed from Janus Henderson US Strategic Value Fund to Janus Henderson US Small-Mid Value Fund. The benchmark also changed from Russell 3000® Value Index to Russell 2500® Value Index. The Fund's investment objective and performance target also changed. The Fund Manager has also changed from Ted Thorne to Justin Preloger & Justin Tugman.

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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.

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What are the risks specific to this fund?

- When the Fund, or a hedged share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency, the hedging strategy itself may create a positive or negative impact to 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.
- Shares of small and mid-size companies can be more volatile than shares of larger companies, and at times it may be difficult to value or to sell shares at desired times and prices, increasing the risk of losses.
- 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.
- The Fund invests in real estate investment trusts (REITs) and other companies or funds engaged in property investment, which involve risks above those associated with investing directly in property. In particular, REITs may be subject to less strict regulation than the Fund itself and may experience greater volatility than their underlying assets.
- The Fund may use derivatives towards the aim of achieving its investment objective. This can result in 'leverage', which can magnify an investment outcome and gains or losses to the Fund may 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'), 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 80% of its assets in a concentrated portfolio of shares (also known as equities) of small and medium sized companies in any industry, in the United States. Companies will be incorporated, headquartered, listed on an exchange in, or deriving significant revenue from, the United States.

The Fund may also invest in other assets including companies outside the United States, cash and money market instruments.

The investment manager may use derivatives (complex financial instruments) to reduce risk, to manage the Fund more efficiently, or to generate additional capital or income for the Fund.

The Fund is actively managed with reference to the Russell 2500 Value Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target. The investment manager has discretion to choose individual 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.

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

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Important information

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