

HORIZON RESPONSIBLE RESOURCES FUND

At a glance

Performance*

The Fund returned 9.19%, the Index returned 3.44% and the Sector returned 4.24%.

Contributors/detractors

The fund's overweight position in uranium and renewable energy shares helped relative performance. Vestas was the top individual contributor while Albemarle detracted most.

Outlook

The net-zero transition continues to gather momentum and is still at an early stage. Our focus remains on owning well-run companies with world-class assets and strong balance sheets.

Portfolio management



Daniel Sullivan



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Tim Gerrard

Investment environment

- The S&P Global Natural Resources Index finished higher in US dollar terms but trailed the MSCI World Index.
- Within the benchmark, metals and mining performed best, returning 11.5%. Agriculture shares rose by 2.9% and energy stocks fell 3.6%.
- WTI Crude oil and US natural gas prices both fell by around 21%. Meanwhile, uranium prices rallied 38% as restocking by utility firms continued to gather pace.
- Gold prices ended 11% higher as interest rate expectations fell and the outbreak of war in Gaza led to further geopolitical concerns.
- Industrial metal prices were supported by the prospect of lower interest rates and a weaker US dollar. Copper prices rose 4% and iron ore prices ended 13% higher.
- Elsewhere, lithium prices continued to fall and wheat prices gained 16%.

Portfolio review

Stock selection in the energy sector added most to relative returns thanks to the fund's overweight positions in uranium and renewable energy shares. Selections in agriculture also made a positive contribution.

At the stock level, top performers included Vestas Wind Systems and specialty steel firm SSAB. Vestas outperformed as the prospect of lower interest rates improved sentiment towards renewable energy names, and as the firm started to display a long-anticipated return to positive operating margins. SSAB announced better-than-expected third quarter profits and a large share buyback.

Top detractors included lithium company Albemarle and battery materials firm Talga. Albemarle underperformed as lithium prices fell and the company reduced its forward guidance. Talga also suffered from weak sentiment towards battery material producers, as well as negative reaction to the terms of its recent fund raising.

Turning to trading activity, we reduced the fund's position to agriculture and added to the holdings in the clean energy sub-sector. In agriculture, we exited the positions in crop protection firm FMC, seeds supplier Corteva, and forestry companies SCA and Canfor. Some of these proceeds were used to build a new position in sustainable fibres company UPM-Kymmene. Meanwhile, our activity in the energy sector included adding to the position in

Marketing communication

For qualified investors only.

Past performance does not predict future returns.

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

NextEra and increasing exposure to renewables by increasing Vestas and re-establishing exposure to Orsted towards the end of the year. We also added to Linde and several of the fund's uranium holdings.

We continue to value copper's vital role in the energy transition. During the period, we bought a new position in high voltage copper cabling firm Prysmian and added to the position in its industry peer, Nexans. We also adjusted the fund's copper exposure by selling Hudbay and Lundin, and reintroducing Freeport McMoRan and Teck Resources to the portfolio. Elsewhere, in metals and mining we took some profits in SSAB and sold the positions in Azure Minerals and Rio Tinto.

Against the benchmark, the fund has an overweight position in electric utilities (renewable energy), uranium, heavy electrical equipment, diversified metals and mining, forest products and electrical components. Given that the fund was established to invest in companies whose products, services and activities we consider to be helping or benefiting from the goal of achieving net-zero carbon emissions, the overweight positions are counterbalanced by the exclusion of oil and gas (integrated, exploration and production, refining and marketing, and equipment and service) and thermal coal producers. The fund also has an underweight position in steel, paper products, fertiliser and agricultural chemicals.

Manager outlook

Sentiment towards many natural resource companies has been clouded by concerns regarding China's economy and the impact of higher interest rates. The latter has especially weighed on companies seeking to invest in growth opportunities related to the net-zero transition. Despite this, we remain optimistic about the medium-term prospects for well-run companies with exposure to this trend.

In energy, additions in renewable capacity hit another record in 2023. Given that COP28 brought an agreement to triple renewable energy capacity by 2030, it appears likely that investments in this area will continue to accelerate. Although companies will need to adapt to the reality of higher interest rates, developments such as the

EU Wind Package suggest that they will get plenty of support in the way of legislation. We remain bullish on uranium, the price of which rose considerably in 2023 but will need to stay high to encourage investments in new supply.

In metals and mining, the transition to renewables and electric vehicles remains a strong demand tailwind for several commodities. At the same time, long-term supplies of many materials look tight due to rising costs and the obstacles involved in establishing new mines. This has caused mining capital expenditure to fall towards a 30-year low in inflation-adjusted terms, with few signs of an increase in 2024. As demand for copper and electric vehicle battery materials continues to grow, this presents a potentially lucrative challenge to producers. We expect that it will result in further takeover activity, with a focus on smaller, high-quality assets and larger targets of strategic value to mining majors.

As for agriculture, earth's growing population entails a need to produce more food but to do so with less of an environmental impact. Meanwhile, farming acreage is constrained by urbanisation and extreme weather exacerbated by increased carbon emissions. This imbalance will require more innovation and investment in farm equipment, precision farming services and inputs (such as fertiliser) that increase yield. The fund's agriculture exposure also includes forestry assets, wooden building products and biomaterial based packaging.

Key thematic drivers that underpin the resources sector's attractiveness - such as unprecedented investments into renewable energy - are likely to continue regardless of the economic environment. However, we remain mindful that weakness in China and a slowdown in the US could put short-term pressure on commodity prices and company earnings. As a result, we continue to prefer quality natural resource companies with world-class assets, strong balance sheets, low costs or high margins, good access to funding and strong or improving ESG profiles.

We wish our investors a prosperous and peaceful 2024.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (28/01/15)
A2 USD (Net)	7.16	9.19	2.45	2.45	3.40	8.04	—	3.69
Index	3.81	3.44	3.38	3.38	12.13	10.40	—	6.50
Sector	5.50	4.24	2.32	2.32	6.47	9.10	—	4.52
A2 USD (Gross)	—	—	—	—	—	10.16	—	5.82
Target	—	—	—	—	—	13.16	—	9.17

Calendar year	2023	2022	2021	2020	2019	2018	2017	2016	2015 from 28 Jan
A2 USD (Net)	2.45	-10.53	20.59	15.33	15.48	-22.10	21.37	30.91	-24.14
Index	3.38	9.59	24.40	-0.05	16.41	-13.08	21.99	31.45	-23.22
Sector	2.32	-0.87	18.96	9.60	16.88	-18.43	16.96	36.94	-26.57

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Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at www.janushenderson.com. Performance fees may be charged before the Fund's outperformance target is reached. 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 www.janushenderson.com.

Investment objective

The Fund aims to provide capital growth over the long term. Performance target: To outperform the S&P Global Natural Resources Index by 2.5% per annum, before the deduction of charges, over any 5 year period. For the fund's investment policy, refer to the Additional fund information on page 4. **Past performance does not predict future returns.**

Fund details

Inception date	02 July 2014
Total net assets	17.47m
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	USD
Index	S&P Global Natural Resources Index
Morningstar sector	Sector Equity Natural Resources
SFDR category	Article 8

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.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. 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 and/or financial adviser if you have any queries. From 25 February 2022, the Janus Henderson Horizon Global Natural Resources Fund changed its name to become the Janus Henderson Horizon Responsible Resources Fund. From 31 March 2023, Tim Gerrard also co-manages this fund. Please note that 90 West AM is now Janus Henderson Investors (Australia) Institutional Funds Management Limited. The ongoing charge is estimated because the shareclass has insufficient track record for us to calculate it exactly. The figure for ongoing charges excludes portfolio transaction costs, except in the case of an initial charge paid 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. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

Investment policy

The Fund invests at least 80% of its assets in shares (equities) and equity-related securities of companies, whose revenues come mostly from the natural resources sector, such as, but not limited to, the mining, energy and agriculture sectors, in any country. 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 S&P Global Natural Resources 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.

Investment strategy

The investment manager focuses on identifying responsible resource companies including those from the mining, energy, and agriculture sectors that are benefiting from the ongoing and future demand for natural resources. The strategy has the flexibility to invest across the supply chain, taking advantage of price shifts between upstream, mid-stream and downstream sectors as well as across industries. The investment process seeks to construct a focused, yet diversified portfolio of high-quality responsible resource companies globally.

Fund specific risks

The Fund follows a responsible investment approach, which may cause it to be underweight in certain sectors (due to the avoidance criteria employed) and thus perform differently than funds that have a similar financial objective but which do not apply any avoidance criteria when selecting investments. 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. The Fund is focused towards particular industries or investment themes and may be heavily impacted by factors such as changes in government regulation, increased price competition, technological advancements and other adverse events. 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. The Fund may incur a higher level of transaction costs as a result of investing in less actively traded or less developed markets compared to a fund that invests in more active/developed markets. These transaction costs are in addition to the Fund's Ongoing Charges.

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Source: Janus Henderson Investors, as at 31 December 2023, unless otherwise noted.

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