

## EMERGING MARKETS FUND

### At a glance

#### Performance\*

The Fund returned 3.69%, the Index returned 2.68% and the Sector returned 2.09%.

#### Contributors/detractors

Stock selection was the primary driver of relative outperformance, with a smaller positive contribution from allocation.

#### Outlook

We continue to seek longer-term trends that we believe are creating attractive opportunities for emerging market companies.

### Portfolio management



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Matthew Culley

### Investment environment

- Emerging market stocks rose due to hopes for improved global economic growth and increased investor appetites for risk.
- Central bank policy remained a source of uncertainty for global markets as the US Federal Reserve (Fed) signalled a more gradual approach to potential interest rate cuts.
- Most emerging markets equities saw positive returns over the month, with notable gains in Peru and Columbia. Geopolitical uncertainty led to a decline in Egypt's equity market.

### Portfolio review

Relative fund performance benefited from a position in electronics and memory chip manufacturer Samsung Electronics. Semiconductor-related stocks such as Samsung faced headwinds in 2023 due to higher customer inventory levels. Now that inventory levels have started to normalise, chipmakers are seeing an improved orders environment. We believe Samsung is well positioned towards rising demand and increased pricing for memory chips, which we believe will be driven by unprecedented supply reductions and innovations such as artificial intelligence (AI).

Mexican discount retailer BBB Foods was another positive relative contributor. We believe BBB Foods is a best-in-class operator given its track record of impressive same-store sales growth and store expansion. BBB Foods currently owns about 2,000 stores but hopes to expand to over 10,000 locations, providing long-term potential. We also see potential around its efforts to introduce its proven low-cost, professional retailing model into a less formalised segment of the retail sector. The management team behind BBB Foods has demonstrated operational excellence across its key areas of focus, and we are excited to be an early investor in the company. We also believe the company operates in a country, Mexico, where we have seen favourable economic trends, driven in part by the nearshoring of manufacturing capacity.

#### Marketing communication

For US Financial Professionals servicing non-US persons.

Past performance does not predict future returns.

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\*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.

Relative fund performance was hindered by the investment in New Horizon Health. This healthcare company is seeking to transform the detection and treatment of colorectal cancer in China with its non-invasive, easy-to-use, highly accurate, and reasonably-priced ColoClear test. The company has continued to execute on its business plan as it has moved closer to profitability. Despite this progress, the stock has faced headwinds amid an anticorruption campaign aimed at China's broader healthcare sector, even though New Horizon was not a target of this inquiry. We hope we will see this headwind ease in the second half of the year as this campaign winds down, allowing investors to once again recognise New Horizon's market potential and track record of innovation.

Hong Kong-based global insurer AIA Group was another relative detractor. The company has a significant footprint in China, where weaker consumer spending has hurt demand for insurance products. Despite near-term macroeconomic uncertainty, we remain positive about the company's underlying fundamentals and balance sheet. We are also constructive on long-term trends for the global insurance industry, supported by innovation and rising living standards.

### Manager outlook

We are cautiously optimistic about prospects for the global economy despite uncertainty over inflation and central bank policies. We also recognise the risks attached to an increasingly complex geopolitical environment. We are

closely monitoring developments in countries — from India to Mexico to South Korea — that face elections that will have important ramifications for economic growth, trade policies and government regulation. While uncertainty ahead of these elections could add to near-term market volatility, we believe that by the end of this year, we will have more clarity on the progress of economic reforms in a number of the markets where we invest.

We also remain excited about many developments in the emerging markets. These include an explosion of entrepreneur-led innovation, supported by highly digitally connected economies, high levels of STEM education, and strong government and regulatory policy support. We have also been pleased to see increased focus on corporate governance in countries such as South Korea, where we have started to add to the position.

We also remain on the lookout for opportunities created by the rearchitecting of global supply chains, as companies look to diversify their exposure away from China. In our view, the resulting capital investment may provide a long-term structural tailwind for GDP growth in countries such as Mexico, India, Vietnam and Indonesia. In seeking to capitalise on these broad-based opportunities, we remain committed to our three-lens approach that looks for high-quality companies, with strong governance structures, in favourable countries. We believe this approach could lead to positive long-term outcomes for our investors.

Performance (%)

Returns	Cumulative				Annualised		
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
A2 EUR (Net)	3.69	6.88	6.88	7.38	-4.80	1.18	3.64
Index	2.68	4.70	4.70	8.79	-2.34	3.02	5.55
Sector	2.09	4.47	4.47	8.36	-3.15	2.39	4.71
A2 EUR (Gross)	—	—	—	—	—	2.96	5.47
Target	—	—	—	—	—	5.08	7.66

Calendar year	YTD at Q1											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
A2 EUR (Net)	6.88	3.10	-21.99	8.03	11.37	9.70	-13.66	13.39	13.80	-1.92	10.87	
Index	4.70	6.11	-14.85	4.86	8.53	20.62	-10.27	20.58	14.51	-4.94	11.80	
Sector	4.47	6.43	-16.75	4.97	7.20	20.99	-12.28	18.57	12.57	-4.29	10.93	

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. © 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns.** Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. **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.** Source for target returns (where applicable) - Janus Henderson Investors.

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](http://www.janushenderson.com).

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 objective

The Fund aims to provide a return, from a combination of capital growth and income over the long term. Performance target: To outperform the MSCI Emerging Markets Index by 2% 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	29 September 2000
Total net assets	61.87m
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	USD
Index	MSCI Emerging Markets Index <sup>SM</sup>
Morningstar sector	Global Emerging Markets Equity

## 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. 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. This is a Luxembourg SICAV Fund, regulated by the Commission de Surveillance du Secteur Financier (CSSF). Ongoing charge represents the ongoing costs to the fund, which includes the AMC and other charges for services such as keeping a register of investors, calculating the price of the fund's units or shares and keeping the fund's assets safe. These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. Any securities, funds, sectors or indices mentioned within this article do not constitute or form part of any offer or solicitation to buy or sell them. The information in this commentary does not qualify as an investment recommendation. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. The ongoing charge is calculated using the PRIIP methodology. The PRIIP methodology differs to the UCITS ongoing charge methodology, as the PRIIP methodology captures additional recurring charges, including but not limited to: Interest paid on borrowing (e.g. bank interest); Any fees incurred in relation to stock-lending activity (i.e. the fee paid to the lending agent); Any costs associated with holding closed-ended vehicles. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.

### Investment policy

The Fund invests at least two-thirds of its assets in shares (equities) and equity-related securities of companies, of any size, in any industry, in emerging markets. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in emerging markets. 'Emerging markets' may be countries in the MSCI Emerging Markets Index, those included in the World Bank definition of developing (low and lower middle income) economies, or which are, in the Investment Manager's opinion, developing. The Fund may invest in companies of any size, including smaller capitalisation companies, in any industry. The Fund may also invest in other assets including companies outside emerging markets, cash and money market instruments. The Investment Manager may use derivatives (complex financial instruments) including total return swaps, with the aim of making investment gains in line with the Fund's objective, to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the MSCI Emerging Markets 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 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 seeks consistent risk-adjusted returns by looking to identify the most attractive opportunities within countries across various stages of economic and political development. This diverse landscape requires the Investment Manager to utilise an array of perspectives to fully evaluate these opportunities. By combining fundamental company research, market and economic analysis, a focus on governance and quantitative input, the portfolio attempts to capture price inefficiencies across companies of all sizes. The focus on corporate governance may limit the Fund's ability to invest in industry sectors if those sectors are dominated by state-owned entities.

### Fund specific risks

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. Emerging markets expose the Fund to higher volatility and greater risk of loss than developed markets; they are susceptible to adverse political and economic events, and may be less well regulated with less robust custody and settlement procedures. 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 to help achieve its investment objective. This can result in leverage (higher levels of debt), which can magnify an investment outcome. Gains or losses to the Fund may therefore 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, 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.

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INVESTORS

FOR MORE INFORMATION PLEASE VISIT [JANUSHENDERSON.COM](https://www.janushenderson.com)

Source: Janus Henderson Investors, as at 31 March 2024, unless otherwise noted.

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