

HORIZON ASIAN DIVIDEND INCOME FUND

At a glance

Performance*

The Fund returned 9.37%, the Index returned 9.60% and the Sector returned 7.90%.

Contributors/detractors

Lenovo shares performed strongly following its announcements about artificial intelligence (AI) partnerships. Not holding Fortescue was the largest detractor as iron ore prices remained firm.

Outlook

We are more confident about the outlook for dividends considering the excess cash being generated and the low level of dividends paid out compared to earnings.

Portfolio management



Mike Kerley



Sat Duhra

Investment environment

- Asian equity markets rallied in November and December. This was initially driven by expectations of peaking interest rates, as we saw falling inflation and employment levels in key economies. Investor sentiment was aided by supportive comments from the US Federal Reserve (Fed), which led to more specific forecasts for interest rate cuts in 2024.
- The US dollar weakened significantly, which was positive for Asian equities as Asian currencies strengthened against the dollar.
- Chinese equities were one of the weakest performers over the quarter, despite the Biden-Xi meeting aimed at improving relations between the two countries. The market lagged mainly due to a lack of any resolution of the structural debt issues and lacklustre economic data in China.
- South Korean and Taiwanese equities performed strongly given the high weighting of information technology (IT) constituents in both markets. IT firms were beneficiaries of a shift towards economic growth as discount rates fell with lower bond yields.
- Energy was once again one of the weakest sectors as the oil price fell given weaker demand expectations and lower-than-expected OPEC+ supply cuts.

Portfolio review

The performance of technology holdings was positive for the fund. Here, Lenovo, TSMC and Samsung Electronics were the key positive contributors. This was consistent with the IT sector performing strongly as expectations for pricing improved. In addition, having no holdings in Chinese banks was a key positive for the fund's relative performance, especially given the high benchmark weighting, as Chinese banks were considered candidates for "national service" in providing support to weak property groups.

The strong performance of the fund's Indian utility holdings, NTPC and Power Grid, were also key positive contributors. They were supported by strong power demand and raised hopes of the incumbent infrastructure-focused BJP party remaining in power following its better-than-expected wins during recent state elections.

The fall in the lithium price was negative for the fund's holding in Pilbara Minerals, which was a key detractor over the period. The continued lacklustre economic data in China, combined with risks of a deflationary environment, was negative for our China holdings, with shares in Anta Sports proving weak as consumer-focused companies were out of favour. The impact of not owning Fortescue was the largest negative contributor however, given the strength in iron ore prices.

Marketing communication

For US Financial Professionals servicing non-US persons.

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.

In terms of activity, we added two South Korean insurance holdings, DB Insurance and Samsung Fire & Marine, due to expectations of higher dividends, an improving competitive landscape and what we saw as attractive valuations at the time of purchase. We sold the fund's position in Santos given the rising execution risks and costs on projects, and an unfavourable court ruling on the commencement of one of the company's key projects. We further reduced the fund's exposure to Chinese consumers by selling JD.com and Li Ning, where we expect weaker domestic consumption trends to persist.

Manager outlook

As the probability of a severe recessionary environment recedes in developed markets, the fact that central banks in many countries in Asia have already paused interest

rates for some months hands the region an advantage in terms of moving swiftly to cut interest rates if required. In our view, this would provide stimulus to already attractively priced equities.

Asian equity valuations continue to look attractive to us relative to global equities and have already witnessed a sharp downgrade in earnings ahead of developed markets. Inflationary pressures also remain less pronounced in the region. We are more confident about the outlook for dividends considering the excess cash being generated and the low level of dividends paid out compared to earnings. We remain focused on domestically orientated companies with strong cash flow and what we see as sustainable and growing dividends.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
A2 USD (Net)	6.74	9.37	6.00	6.00	-3.02	1.36	1.26	
Index	6.72	9.60	17.59	17.59	4.53	5.81	4.92	
Sector	5.08	7.90	7.99	7.99	-1.29	4.55	3.52	

Calendar year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A2 USD (Net)	6.00	-12.82	-1.28	-1.57	19.13	-11.73	28.51	1.48	-9.89	2.16
Index	17.59	-8.92	6.64	1.35	14.60	-11.02	36.99	6.75	-9.17	3.09
Sector	7.99	-13.98	3.54	11.58	16.42	-11.89	28.35	6.75	-10.20	4.39

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/12/23. © 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.

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 an income in excess of the income generated by the MSCI AC Asia Pacific ex Japan High Dividend Yield Index over any 5 year period with the potential for capital growth over the long term (5 years or more).

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	26 October 2006
Total net assets	86.46m
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	USD
Index	MSCI All Countries Asia Pacific Ex Japan High Dividend Yield Index
Morningstar sector	Asia-Pacific ex-Japan Equity Income

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. 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 8 October 2014, the Fund's investment policy changed. Past performance shown before 8 October 2014 was achieved under circumstances that no longer apply. From 3 September 2018, the benchmark of the Fund changed from the MSCI AC Asia ex Japan Index to MSCI AC Asia Pacific Ex Japan High Dividend Yield Index, the Fund's objective and investment policy also changed. Past performance shown before 3 September 2018 was achieved under circumstances that no longer apply. From 10 November 2023, the Fund changed its Investment objective. Past performance shown before 10 November 2023 was therefore achieved under circumstances that no longer apply. 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. 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. 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 two-thirds of its assets in a concentrated portfolio of shares (equities) and equity-related securities of companies, of any size, in any industry, in the Asia Pacific region (excluding Japan) and may include China A-Shares. The Fund may also invest in other assets including companies outside this region, 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 income for the Fund. The Fund is actively managed with reference to the MSCI AC Asia Pacific ex Japan High Dividend Yield Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's income 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 aims to capture the income and capital growth potential of companies in Asia, one of the world's fastest-growing regions. The strategy looks to tap into the region's strong structural growth opportunities and the shift toward higher dividends over time as awareness and governance improves. The disciplined, value-driven investment process places an emphasis on dividend growth and high-yielding companies.

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. In addition to income, this share class may distribute realised and unrealised capital gains and original capital invested. Fees, charges and expenses are also deducted from capital. Both factors may result in capital erosion and reduced potential for capital growth. Investors should also note that distributions of this nature may be treated (and taxable) as income depending on local tax legislation. 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. 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. 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. Some or all of the ongoing charges may be taken from capital, which may erode capital or reduce potential for capital growth. 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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