

Janus Henderson Horizon Global Property Equities Fund

Q2 2023

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

Fund Managers Names

Guy Barnard, CFA, Tim Gibson, Greg Kuhl, CFA

Investment environment

The second quarter was a strong quarter for equity markets, driven by gains in large-cap technology stocks. Interest rates continued to rise in most developed markets, with expectations of further rate hikes as central banks continue to tackle persistent inflation headwinds.

Global listed real estate stocks made a marginal gain, with investors understandably focused on the impact of rising rates and tightening credit availability on the sector. Despite these concerns, we saw evidence that lower leveraged public REITs continue to have access to debt capital, with US REITs accessing the unsecured bond market for over \$11 billion at reasonable pricing levels during the quarter.

At a subsector level, data centres, single-family housing, apartments and health care stocks made strong gains, with infrastructure and storage stocks the notable laggards. Earnings season generally supported the view that global REITs can deliver around 5% growth in 2023, with rising rental income offsetting increased finance costs, and as supply remains muted in most sectors as barriers to development continue to increase.

While direct property markets generally remain in the price discovery phase, with low transaction volumes, there appears to be some thawing as seller pricing expectations slowly adjust to the new interest rate backdrop. German residential landlord Vonovia announced a 30% stake sale in its high-quality Südewo portfolio to Apollo for €1.0 billion, and New York City office landlord SL Green sold a 50% stake in 245 Park Avenue to Japan's Mori Trust at a stated \$2 billion valuation. While incentives were required to make the deals happen, it is encouraging to see pricing at levels far better than feared in the market. Elsewhere, industrial giant Prologis acquired a \$3.1 billion portfolio from Blackstone, in another deal that provides supportive pricing evidence for well-located high quality property portfolios in structurally supported sectors.

Portfolio review

The fund returned 0.6% while its benchmark returned 0.2%.

Stock selection was mixed, with positions in health care landlords Welltower and Chartwell Retirement Communities adding notable value. European logistics developer VGP, global real estate services provider CBRE, and US single-family housing owner Tricon also added value over the quarter. Southern California-focused landlord Rexford and US tower owner SBA Communications detracted from performance.

We sold life science office owner Alexandria Real Estate given slowing demand driven by a more challenging venture capital funding backdrop, as well as speculative supply deliveries in Alexandria's core markets. We added global cold storage owner/operator Americold, where we anticipate further operational recovery from challenges during Covid, as food manufacturers ramp up food production levels. We also sold manufactured housing owner Sun Communities, switching into apartment owner UDR given what we saw as a more attractive relative valuation and better underlying operations.

We further added to the fund's existing industrial/logistics position, most notably in Asia Pacific, given strong fundamentals, more attractive valuation levels, and balance sheet headroom that will allow the companies to take advantage of acquisition opportunities. We took some profits in Singapore following a rebound driven by a re-opening of the economy, and reduced the fund's exposure to the storage sector following outperformance and slowing fundamentals. In Europe, we added health care owner Aedifica, with the valuation particularly attractive to us for a name that we expect to benefit from rising demand for nursing homes driven by an aging population.

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Manager outlook

Real estate markets are facing headwinds from a slowing economy and more restrictive financial conditions. Against this backdrop, the importance of management, asset and balance sheet quality are all coming to the fore again. Within the sector, real estate fundamentals are likely to reflect ongoing divergence across different property types in the years ahead, driven by the themes of changing demographics, digitisation, sustainability and the convenience lifestyle. It therefore remains important, in our view, to be selective.

While the direct property market is taking time to adjust to the challenging macroeconomic landscape, the listed market has reacted already, resulting in shares trading at historically wide discounts to previous asset values and reflecting a highly uncertain environment. This may overlook the attractive, reliable and growing income streams that many real estate companies can generate for investors, as well as their ongoing access to capital. This is something which we expect to be rewarded over time.

Source: Janus Henderson Investors, as at 30 June 2023

Janus Henderson Horizon Global Property Equities Fund

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Fund information (Investment policy is on the next page)

Index	FTSE EPRA Nareit Developed Index
Morningstar sector	Europe OE Property - Indirect Global
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the FTSE EPRA Nareit Developed Index by at least 2% per annum, before the deduction of charges, over any 5 year period.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
1 month	2.9	3.0	3.3	-	-
YTD	1.0	1.0	1.2	-	-
1 year	-5.6	-4.6	-5.5	-	-
3 years (annualised)	1.8	3.3	1.8	-	-
5 years (annualised)	1.9	-0.1	-0.5	4.0	1.9
10 years (annualised)	3.8	2.9	2.2	5.9	4.9

Source: at 30 Jun 2023. © 2023 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.

Calendar year returns %	A2 (Net)	Index	Sector
2023 to 30 Jun 2023	1.0	1.0	1.2
2022	-27.0	-25.1	-26.7
2021	24.6	26.1	24.4
2020	-0.9	-9.0	-6.4
2019	30.1	21.9	22.2
2018	-4.4	-5.6	-8.3
2017	12.8	10.4	12.4
2016	2.0	4.1	0.4
2015	-0.1	-0.8	-1.2
2014	11.4	15.0	11.3
2013	1.6	3.7	4.0

Source: at 30 Jun 2023. © 2023 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. 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 if you have any further queries.

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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.

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 <http://www.janushenderson.com>.

Janus Henderson Horizon Global Property Equities Fund

What are the risks specific to this fund?

- When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact 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.
- 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.
- 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.
- 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 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 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.

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 (equities) and equity-related securities of real estate investment trusts (REITs) and companies, which invest in property, in any country. Securities will derive the main part of their revenue from owning, developing and managing real estate.

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 FTSE EPRA Nareit Developed Index, which is broadly representative of the securities 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.

Janus Henderson Horizon Global Property Equities Fund

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

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Janus Henderson Horizon Global Property Equities Fund

Important information

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.

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