

HORIZON GLOBAL SUSTAINABLE EQUITY FUND

At a glance

Performance*

The Fund returned 4.99%, the Index returned 4.24% and the Sector returned 4.48%.

Contributors/detractors

Stock selection in industrials contributed most positively to relative returns. By contrast, stock selection in consumer discretionary was unfavourable. NVIDIA was the fund's top performer and Humana detracted.

Outlook

Our focus remains on identifying sustainable businesses that are exposed to secular growth trends and exhibit healthy cash generation, strong financial positions and reasonable valuations.

Portfolio management



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Investment environment

Strong mega-cap earnings and more signs of an economic 'soft landing' in the US drove global equities higher and outweighed the impact of higher US Treasury yields. Consumer discretionary, information technology (IT) and industrials were the strongest sectors. Utilities was the only sector to end lower, while consumer staples and real estate also underperformed.

Portfolio review

The fund's overweight positions in IT and industrials were beneficial, as were underweight positions to materials and the exclusion of energy shares. Stock selection in industrials was another key positive contributor as several of our holdings, including Advanced Drainage Systems, Schneider Electric, Xylem, nVent Electric and Knorr-Bremse, outperformed. Stock selection in the technology sector added further value.

Meanwhile, the fund's overweight position in semiconductor companies was especially helpful, with NVIDIA, LAM Research and ASML among the best performers. Not holding Apple and Adobe also benefited relative fund returns and helped offset weaker performers such as IPG Photonics and Shimadzu. Positions in health

care also added value as good performance from Icon and Encompass Health outweighed weakness in Humana.

On the other hand, the fund's underweight position to consumer discretionary and an overweight position in utilities were unfavourable. Stock selection in consumer discretionary also impacted relative returns as the holdings in Shimano and Aptiv trailed the sector. In utilities, the fund's renewable energy companies, Boralex, Innergex and SSE detracted from performance.

Stock selection in communication services also detracted. This was largely due to not owning Meta Platforms, which posted good results. The other high-profile zero weighting in the sector, Alphabet, was more favourable.

At the stock level, top positive contributors included semiconductor firm NVIDIA, clinical research organisation (CRO) Icon and Schneider Electric.

NVIDIA's shares continued to outperform. This time the main catalyst was the company's fourth-quarter results, which featured impressive quarterly and year-on-year revenue growth and strong forward guidance. Artificial intelligence (AI) looks likely to enhance many aspects of the global economy, with uses ranging from the better use of enterprise data to novel drug discovery, safer driving and many more.

Marketing communication

For qualified investors only.

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.

As the leading provider of graphic processing units (GPUs) and other services underpinning innovation in AI, the potential looks strong. NVIDIA's products are also enhancing the energy efficiency of data centres.

Icon announced solid annual results and a major share buyback. Icon's services encourage innovation and life-saving breakthroughs in medicine by helping biotechnology and pharmaceutical firms navigate the ever-increasing costs and complexity of clinical trials. We believe Icon's solid record and use of technology set it apart from its peers and could help the firm secure further partnerships with major drugmakers.

Schneider Electric's annual results featured healthy organic growth and better-than-expected forward guidance. Schneider is a leading provider of electrical goods and building automation technologies that increase efficiency and reduce the carbon intensity of its customers' operations. Schneider delivers compelling cost-savings to customers and helps them meet environmental targets and legislation. As a result, Schneider could benefit from any further legislation that forces or encourages companies to reduce emissions.

Notable detractors included health insurer Humana and renewable energy firms Boralex and SSE.

Humana's share price fell with other major US health insurers due to reports that the US Department of Justice has opened an antitrust investigation into UnitedHealth. Humana is the dominant provider of Medicare Advantage plans and is well exposed to the ageing population trend in the US. The firm is a pioneer in integrated care and aims to lower costs by encouraging healthy choices that prevent future medical problems.

Boralex and several other renewable energy firms underperformed as comments from US Federal Reserve (Fed) policymakers suggested a longer wait for interest rate cuts. We think Boralex will benefit from the global energy transition and supportive renewables legislation. Boralex has a highly advantaged geographic profile, with strong positions in markets with tight supply and clear demand growth. We expect policy incentives, including the US Inflation Reduction Act and the European Union's Green Deal, to drive further demand for renewable projects and potentially lead to better project economics.

SSE reported lower-than-planned energy generation due to winter storms in the UK. Despite this, the company maintained its forecast for full-year profits. SSE is a key enabler of the UK's energy transition through its current wind and hydropower facilities, as well as planned projects in hydrogen. The firm closed its last coal energy plant in 2020 and plans to use carbon capture technology to decarbonise its remaining gas energy generation.

Manager outlook

Over the past year, the trifecta of geopolitical discord, inflation and higher interest rates has created a challenging

environment for sustainable investing. The transition to a sustainable economy requires investment, and higher interest rates naturally present a headwind to this ideal. Real growth has also been slowing in many end markets associated with the sustainable investment themes that we focus on.

As we look ahead to the forthcoming year, 40% of global GDP will be voting for a US President, and there will also be pivotal elections held in other major economies including the UK and India. Election years tend to bring additional fiscal support along with other levers that are supportive of economic growth.

Lower interest rates should be positive on the margin for sustainable investing, as well as reinvigorating other pockets of the economy, such as the housing industry. 2024 is also the year in which we should start to see a large increase in spending from the various US acts (CHIPS, Infrastructure, Inflation Reduction) impacting the economy.

However, we are not in the business of macroeconomic prognostications. The market has an uncanny knack of surprising its participants, so rather than gazing into an imagined crystal ball and hypothesising on potential future economic/market outcomes, the scope for a 'Goldilocks' scenario, or an economic 'soft landing', what we can say with some confidence is that the actual outcome will most likely look very different to what so-called 'expert' economic forecasters predict. One might view the track record of this group as a testament to that.

Our job as long-term fundamental bottom-up investors is to remain focused on the micro aspects of high-quality businesses exposed to attractive secular trends, and underwriting these businesses in order to gain conviction that they can compound wealth and make the world a better place in all market conditions. We have witnessed impressive underlying progress in the laying of foundations for a period of accelerated growth in relation to reshoring manufacturing in key clean tech industries such as batteries and semiconductors, the electrification of transportation, greening buildings, decarbonising electricity and transforming industry among others.

We continue to meticulously follow our robust investment process, identifying sustainable businesses exposed to these growth trends, religiously focusing on cash flow generation, strong balance sheets, financial resilience and exercising valuation discipline, rather than adhering to the zeitgeist due to the "fear of missing out". It is fitting to quote the late and great Charlie Munger of Berkshire Hathaway as we conclude on major market activity in the year of his passing, who has offered countless lessons to investors on the virtues of maintaining and nurturing rationality in the investment process: "The world is full of foolish gamblers, and they will not do as well as the patient investor".

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (29/05/19)
A2 USD (Net)	4.99	11.77	5.81	20.96	3.47	—	—	12.70
Index	4.24	10.67	5.49	24.96	8.64	—	—	12.36
Sector	4.48	11.64	5.94	23.71	2.27	—	—	10.03

Calendar year	2023	2022	2021	2020	2019 from 29 May
A2 USD (Net)	21.91	-25.64	15.71	36.57	16.50
Index	23.79	-18.14	21.82	15.90	15.31
Sector	22.79	-26.69	13.57	27.23	14.35

Performance is on a net of fees basis, with gross income reinvested. Source: at 29/02/24. © 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. 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 capital growth over the long term (5 years or more) by investing in companies whose products and services are considered by the Investment Manager as contributing to positive environmental or social change and thereby have an impact on the development of a sustainable global economy. 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 May 2019
Total net assets	1.22bn
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	USD
Index	MSCI World Index SM
Morningstar sector	Global Large-Cap Growth Equity
SFDR category	Article 9

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 9 and has sustainability as its objective.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. 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). 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. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.

Investment policy

The Fund invests at least 80% of its assets in shares (also known as equities) of companies, of any size, in any industry, in any country. The Fund will avoid investing in companies that the Investment Manager considers to potentially have a negative impact on the development of a sustainable global economy. 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 MSCI World Index, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the Fund's performance. 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, within its thematic framework of environmental and social themes and positive/negative (avoidance) criteria screening, seeks to construct a differentiated and well diversified global portfolio of companies, based on the belief that superior returns can be generated by companies that are providing solutions to environmental and social challenges. These companies should have attractive financial attributes such as persistent revenue growth and durable cash flows, as well as exhibiting strong management of environmental, social and corporate governance risks. Companies will typically be strategically aligned with themes such as climate change, resource constraints, growing populations, and ageing populations. The Fund avoids investing in fossil fuels and companies that stand to be disrupted by the transition to a low-carbon economy.

Fund specific risks

In respect of the equities portfolio within the Fund, this follows a value investment style that creates a bias towards certain types of companies. This may result in the Fund significantly underperforming or outperforming the wider market. 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. 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 follows a sustainable investment approach, which may cause it to be overweight and/or underweight in certain sectors and thus perform differently than funds that have a similar objective but which do not integrate sustainable investment criteria when selecting securities. 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.

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

Janus Henderson
INVESTORS

Source: Janus Henderson Investors, as at 29 February 2024, unless otherwise noted.

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