COMMENTARY

Janus Henderson Horizon Global Technology Leaders Fund

Q2 2023

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

Fund Managers Names

Graeme Clark, Alison Porter, Richard Clode, CFA

Investment environment

Macroeconomic considerations became less of a focus for the technology sector as concerns about the US Debt Ceiling were resolved during the quarter. Technology equities outperformed broader market indices over the period and enjoyed a marked positive divergence following stellar results from NVIDIA. This further fuelled appetite for stocks with exposure to artificial intelligence (AI), leading to shares in semiconductor firms being particularly strong. The outperformance of technology stocks overall remained largely concentrated in the mega-cap names given the strength of their balance sheets, higher exposure to AI and relatively low earnings expectations entering the quarter. By the end of the period their market capitalisation as a percentage of the S&P 500 Index had re-traced close to the peak levels seen in 2021.

Portfolio review

The fund returned 10.9% versus a benchmark return of 12.0%.

Uber contributed strongly to fund performance as it demonstrated consistent growth and profitability ahead of market expectations, while also strengthening its competitive position across both ride haling and delivery. Amazon helped performance after results from its cloud computing segment, Amazon Web Services, were better than feared after a period of decelerating growth. The holding in NVIDIA was also a tailwind to performance thanks to the surge in demand for its graphics processing units (GPUs) that are fundamental to running generative AI models and are also becoming increasing important to meet the need for accelerated compute within data centres. Palo Alto Networks contributed strongly to performance thanks to the company's platform covering all major cyber security threat vectors. As a result, it is winning larger deals as customers seek to consolidate vendors. Its stock also benefited from inclusion in the S&P 500 Index.

Concerns over the pace of economic reopening in China put pressure on both Alibaba and Tencent during the period. Our index enforced structural underweight position, combined with our belief in a more sanguine outlook, meant that further reducing the fund's position in Apple has detracted from performance. Its shares continued to rise as the company benefited from passive flows into the technology sector and the general flight towards companies with strong balance sheets. Impinj was another headwind to performance after some key customers pushed out significant projects. CDW also detracted from performance after the company saw a contraction across many pockets of information technology (IT) spending and had to pre-announce a cut to its expectations for IT market growth this year.

In terms of activity during the period, we initiated positions in Micron and Lam Research. We believe memory fundamentals are close to troughing and that industry-wide capital expenditure and production cuts create a more favourable backdrop looking into 2024. We exited the positions in Ciena and Juniper Networks, anticipating a period of digestion in networking orders from hypercalers and service providers. We also exited SolarEdge over concerns of increasing competition in Europe from Chinese peers. Seeing better risk/reward elsewhere, we also closed the fund's positions in Cap Gemini and NXP.

Manager outlook

Unappreciated earnings continue to be the most significant driver of returns for the technology sector. We expect that there will be heightened focus on infrastructure spend to support AI and a continued push to electrification driven by both government support and consumer appeal across all regions. Combined with the significant job cuts witnessed across the technology sector over the latter part of 2022, we think this should drive stronger profitability growth in the second half of 2023. However, we remain mindful of the ongoing risks of a slowing global economy.

Janus Henderson
INVESTORS

Janus Henderson Horizon Global Technology Leaders Fund

While the economic reopening phase in China has disappointed in terms of growth, we continue to believe that Chinese internet companies are now structurally better positioned to show profit margin expansion in 2023. Our exposure remains modest, however, as we take into account the ongoing impact of geopolitical tensions on company share prices.

As technology fund managers we are excited by the potential for Generative AI to underpin the next major technology wave, further accelerate digital transformation and generate future investment opportunities. But as ever, we remain vigilant to the hype cycle around AI. Following the market falls of 2022, valuations for the sector are now back to being a significant premium to broader equities. We view this as justified for the mega caps given their above-average earnings visibility. However, as economic growth slows, with an unlikely return to extremely low borrowing costs, we continue to see vulnerability among the stocks with the weakest balance sheets and most extended expectations and valuations. We continue to invest in companies where we see unappreciated earnings power - unappreciated in terms of strength and sustainability or growth but also in terms of the what the valuation might already reflect.

We remain focused on the global technology leaders of today and companies with the potential to be the leaders of tomorrow. We believe the fund remains well positioned to benefit from the next wave of AI, in the next-generation infrastructure it requires and the process automation and new digital experiences (Internet 3.0) it will facilitate. Our investment process gravitates towards high-quality technology companies, and we remain consistent in applying our unique approach of navigating the hype cycle, applying valuation discipline and identifying attractive growth/valuation combinations. We will continue to engage proactively with the companies we hold on their role in being responsible disruptors and generating value for all stakeholders.

Source: Janus Henderson Investors, as at 30 June 2023

Janus Henderson Horizon Global Technology Leaders Fund

Past performance does not predict future returns

Fund information (Investment policy is on the next page)

Index	MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index
Morningstar sector	Europe OE Sector Equity Technology
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index, after the deduction of charges, over any 5 year period.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector
1 month	5.0	5.1	5.2
YTD	34.1	34.0	25.5
1 year	28.8	27.7	18.8
3 years (annualised)	10.0	12.4	5.8
5 years (annualised)	11.7	13.5	8.6
10 years (annualised)	14.7	16.6	12.4

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	34.1	34.0	25.5
2022	-35.2	-32.3	-36.4
2021	17.8	22.4	12.1
2020	40.9	38.3	47.8
2019	39.5	38.5	35.1
2018	-6.9	-5.2	-9.5
2017	43.8	41.8	37.8
2016	6.2	12.2	7.5
2015	4.0	3.5	3.2
2014	10.6	15.7	8.1
2013	25.6	27.1	27.6

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.

From 1 July 2020, the Fund's benchmark changed from MSCI AC World Information Technology Index to MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index. Past performance before 1 July 2020 is shown for the Fund's previous benchmark. From 1 July 2020, the fund name changed from Janus Henderson Horizon Global Technology Fund to Janus Henderson Horizon Global Technology Leaders Fund.

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
INVESTORS

Janus Henderson Horizon Global Technology Leaders 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.
- 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.
- 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.
- 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 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.

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 90% of its assets in a concentrated portfolio of shares (equities) and equity-related securities of companies, of any size, which are technology-related or derive profits from technology, in any country.

The Fund may also invest in other assets including investment grade government bonds, 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 ACWI Information Technology Index + MSCI ACWI Communication Services 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.

Janus Henderson Horizon Global Technology Leaders 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.

Benelux
Janus Henderson Investors
Tel: +31 20 675 0146
Fax: +31 20 675 7197
Email: info.nederlands@janushenderson.com

France/Monaco
Janus Henderson Investors
Tel: +33 1 53 05 41 30
Fax: +33 1 44 51 94 22
Email: info.europe.francophone@janushenderson.com

Germany/Austria
Janus Henderson Investors
Tel: +49 69 86 003 0
Fax: +49 69 86 003 355
Email: info.germany@janushenderson.com

Dubai
Janus Henderson Investors
Tel: +9714 401 9565
Fax: +9714 401 9564
Email: JanusHenderson-MEACA@janushenderson.com

Hong Kong
Janus Henderson Investors
Tel: +852 3121 7000
Fax: +852 3121 7100
Email: marketing.asia@janushenderson.com

Italy
Janus Henderson Investors
Tel: +39 02 72 14 731
Fax: +39 02 72 14 7350
Email: info.italy@janushenderson.com

Latin America
Janus Henderson Investors
Tel: +44 20 7818 6458
Fax: +44 20 7818 7458
Email: sales.support@janushenderson.com

Nordics
Janus Henderson Investors
United Kingdom
Tel: +44 20 7818 4397
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Singapore
Janus Henderson Investors
Tel: +65 6836 3900
Fax: +65 6221 0039
Email: marketing.asia@janushenderson.com

Spain/Portugal/Andorra
Janus Henderson Investors
Tel: +34 91 903 35 62
Email: iberia@janushenderson.com

Switzerland
Janus Henderson Investors
Tel: +41 43 888 62 62 (Zurich office)
Tel: +41 22 810 82 89 (Geneva office)
Email: info.switzerland@janushenderson.com

United Kingdom
Janus Henderson Investors
Tel: +44 20 7818 1818
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Janus Henderson Horizon Global Technology Leaders 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.

D10003

Janus Henderson
INVESTORS