

Janus Henderson Horizon Global Smaller Companies Fund

Q2 2023

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

Fund Managers Names

Nick Sheridan

Investment environment

As we have mentioned many times in the past, fear or greed can overcome markets. This quarter started with the former, with fear of imminent recession, fear that the problems in the US financial sector would spread and fear that artificial intelligence (AI) will disrupt just about every sector - particularly those which are service related. Investors reacted by selling the technology sector, which was seen as most at risk of economic slowdown.

AI dominated sentiment in May as investors questioned whether it will be economically beneficial or, as some have posited, become the ultimate threat of displacement to the human race. In reality, one would need a crystal ball to see a) how AI develops, and b) which sectors and stocks will be most affected (both positively and negatively).

The quarter ended with news coming in thick and fast. Artificial intelligence (AI) continued to be a hot topic, with most companies, when asked, claiming they would benefit from AI. While only time will tell here, this does seem overly optimistic in our view. Elsewhere, the European Central Bank (ECB) raised interest rates further to stave off inflation, and signalled the prospect of another rate rise in July. On the other hand, the US Federal Reserve (Fed) paused raising rates but confirmed it still expects US interest rates to be higher by the end of the year, although the market seemed sceptical that this will be the case. Towards the end of the month the Russian private military force, Wagner Group, mutinied. After a tense 24 hours, this ceased after a settlement agreement was brokered, and the war in Ukraine continues.

Portfolio review

The fund returned 5.9% over the quarter.

Positive contributors to relative fund performance included Builders First, a manufacturer and distributor of building products and services and one of the fund's larger holdings. The share price of Crane NXT, the technology company spun out from Crane Co., rose, with the firm gaining increased analyst coverage. Lithia Motors, a new and used-car dealer, saw its share price rise as its valuation multiple started to catch up with the sector average. Toll Brothers, the luxury home builder, saw its share price rise after announcing good results and seeing some broker upgrades, while Thor Industries, the recreational vehicles manufacturer, announced results that beat expectations.

Conversely, negative contributors included Cal-Maine Foods, which produces, grades, packages and markets eggs. Its share price fell due to the potential for growing oversupply, as flocks rebuild after avian flu. Academy Sports' share price also fell, and we sold the stock during the period, while shares in Andritz, a machinery/service provider to the paper/hydropower and metals industries, fell due to profit taking. Envista, the dental equipment provider, saw its share price fall as a result of a disappointing results announcement, while our holding in BJ's Wholesale Club, a warehouse club operator, saw mixed results and announced poor earnings guidance.

During the quarter we reduced a number of the fund's larger holdings, including Builders First (above) to introduce positions in Taylor Morrison (the US homebuilder), Allison Transmission (a US manufacturer of automatic transmissions) and Indra Sistemas (a Spanish IT/defence supplier). We also slightly increased the fund's weighting to Japanese equities.

Source: Janus Henderson Investors, as at 30 June 2023

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Fund information (Investment policy is on the next page)

Index	MSCI World Small Cap Index
Morningstar sector	Europe OE Global Small-Cap Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the MSCI World Small Cap Index, after the deduction of charges, over any 5 year period.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector
1 month	7.7	6.3	5.5
YTD	16.0	7.6	9.0
1 year	24.3	12.9	12.9
3 years (annualised)	15.4	10.5	8.9
5 years (annualised)	-	-	-
Since inception 06 Aug 2019 (annualised)	11.9	7.4	7.0

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	16.0	7.6	9.0
2022	-20.0	-18.8	-22.4
2021	22.2	15.8	14.7
2020	20.1	16.0	19.6
2019 from 06 Aug 2019	14.1	12.6	12.4
2018	-	-	-
2017	-	-	-
2016	-	-	-
2015	-	-	-
2014	-	-	-
2013	-	-	-

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 Smaller Companies Fund

What are the risks specific to this fund?

- 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 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 80% of its assets in shares (equities) and equity-related securities of smaller companies, in any industry, in any country.

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 Small Cap 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 Smaller Companies 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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