COMMENTARY

Janus Henderson Horizon Asian Growth Fund

Q2 2023

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

Fund Managers Names

Daniel J. Grana, CFA, Matthew Culley

Investment environment

Global equities rose in the second quarter due to hopes that moderating inflation might persuade major central banks to end their aggressive interest rate hikes. While fears of a severe global recession receded, there were signs that higher interest rates and price pressures were slowing economic growth in some countries. Uncertainty about the direction of economic growth led investors to favour a narrow group of long-duration growth stocks, especially in the US. These included stocks that investors believed might be beneficiaries of longer-term secular trends such as generative artificial intelligence (AI). Against this backdrop, stocks in Asia lagged the broader global equity market.

Stocks in India outperformed, assisted by signs that the economy continues to recover from pandemic-related lockdowns. However, stocks in China declined given worries that the post-reopening economic rebound may be weaker than anticipated.

Portfolio review

The fund returned -1.8% for the quarter (net of fees) while the MSCI AC Asia Pacific ex Japan Index benchmark returned -1.0%. Stock selection detracted from relative performance, while overall asset allocation decisions contributed positively.

Several Chinese investments were relative detractors, as signs of a cooling economy pressured Chinese stocks. Detractors included LONGi Green Energy Technology, a maker of solar wafers, which faced concerns that it may be falling behind the technology curve in an increasingly competitive Chinese solar market. We maintained the fund's position, as we expect accelerating demand for solar installation to meet China's ambitious decarbonisation targets. In our view, this demand for solar components will be more than strong enough to absorb any expansion in manufacturing capacity. We also believe LONGi is well positioned for the next technology evolution, including new heterojunction technology (HJT), which is aimed at enhancing efficiency while enabling solar developers to install more products and earn higher returns.

The rotation away from growth-style Chinese stocks also negatively impacted biopharmaceutical company Zai Lab, another detractor. Additionally, Zai Lab has faced uncertainty around clinical data expected on a lung cancer drug being developed by a partner company. We have remained optimistic about the drug's prospects for approval in China, and we remain very confident about the company's positioning given its broad pipeline and potential for commercialising products across its platform.

Samsung Electronics was a top positive contributor to relative performance. Samsung's share price benefited from a market rotation into stocks viewed as potential beneficiaries of advancements in generative AI, given that it is a leading global supplier of memory chips. We see AI as a potential growth driver that could underpin memory chip demand well into the second half of this decade, benefiting companies such as Samsung. Near term, we have seen improving fundamentals for the semiconductor market, supported by resilient chip demand. Chipmakers have also been relatively disciplined in keeping supply in balance with demand, leading to firmer pricing and a better outlook for profitability.

Additionally, relative performance was lifted by our investment in early-stage biopharmaceutical company Structure Therapeutics (formerly ShouTi), as the stock has rallied since a successful initial public offering (IPO) earlier this year. The company also announced progress in initiating Phase 2 clinical studies for its oral small-molecule GLP-1 solution, which it hopes will provide a more effective, convenient and lower-cost therapy to patients living with type 2 diabetes and obesity. There is growing optimism around small-molecule oral medicines, which we believe have the potential to take market share away from injectable drugs, as they have demonstrated superior dosing potential with less toxicity, which may result in improved patient experiences, access and compliance.

Janus Henderson Horizon Asian Growth Fund

Manager outlook

We recognise the potential for slowing global economic growth, which will have implications for the emerging markets. At the same time, we have become more optimistic about the outlook for emerging markets relative to developed economies. Central banks in the emerging markets started to raise interest rates ahead of banks in the US and Europe, and are further along in containing inflation. For this reason, we believe we could see rates stabilise sooner in the emerging markets, relative to the US and Europe.

While the post-reopening recovery in China has been more measured than expected, Chinese policymakers have announced a series of stimulus measures that could support growth later in the year. Outside of China, we continue to find opportunities in Vietnam, Indonesia and Mexico. These three countries have been benefiting from the rearchitecting of supply chains and the trend towards nearshoring and "friendshoring," as corporations seek to secure supply chains closer to home.

We also see strong opportunities in the Middle East, notably in Saudi Arabia, as a result of a higher oil price environment and the ongoing modernisation and liberalisation of the country. We also continue to identify longer-term trends that we believe are creating attractive opportunities, from innovation in health care to investments in electric vehicles and green energy. Above all, we believe our disciplined investment approach may help us navigate this challenging period, guided by our multi-lens approach that considers a company's fundamentals and governance, as well as the macroeconomic and policy landscape.

Source: Janus Henderson Investors, as at 30 June 2023

Janus Henderson Horizon Asian Growth Fund

Past performance does not predict future returns

Fund information (Investment policy is on the next page)

Index	MSCI All Countries Asia Pacific ex Japan Index
Morningstar sector	Europe OE Asia ex Japan Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the MSCI AC Asia Pacific ex Japan 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	2.8	3.1	3.0	-	-
YTD	3.1	3.0	3.2	-	-
1 year	-1.9	0.8	1.7	-	-
3 years (annualised)	-1.7	2.5	3.8	-	-
5 years (annualised)	-1.3	1.6	2.0	0.6	3.6
10 years (annualised)	3.5	4.7	4.2	5.6	6.8

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	3.1	3.0	3.2
2022	-23.6	-17.5	-18.1
2021	-10.5	-2.9	0.3
2020	25.8	22.4	23.0
2019	20.4	19.2	18.7
2018	-15.2	-13.9	-14.6
2017	39.2	38.2	33.7
2016	3.2	5.4	5.8
2015	-8.5	-9.0	-8.7
2014	4.1	5.1	2.3
2013	8.6	3.3	3.4

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.

Please note that with effect from 2 May 2017, the benchmark changed from the MSCI AC Asia ex Japan Index to the MSCI AC Asia Pacific ex Japan Index.

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. 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 Asian Growth 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.
- The Fund may invest in China A shares via a Stock Connect programme. This may introduce additional risks including operational, regulatory, liquidity and settlement risks.
- 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.

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 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 (including the Indian subcontinent and Australasia, but excluding Japan). Companies will have their registered office in or do most of their business (directly or through subsidiaries) in this region. The Fund may invest up to 20% of its assets in China A-Shares.

The Fund may also invest in other assets including companies outside this region, 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 AC Asia Pacific ex Japan 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 Asian Growth 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
INVESTORS

Janus Henderson Horizon Asian Growth Fund

Important information

ESG integration is the practice of incorporating material environmental, social and governance (ESG) information or insights in a non-binding manner alongside traditional measures into the investment decision process to improve long term financial outcomes of portfolios. This product does not pursue a sustainable investment strategy or have a sustainable investment objective or otherwise take ESG factors into account in a binding manner. ESG related research is one of many factors considered within the investment process and in this material we seek to show why it is financially relevant.

Janus Henderson
INVESTORS