

ASIA PACIFIC CAPITAL GROWTH FUND

At a glance

Performance*

The Fund returned 2.99%, the Index returned 3.30% and the Peer Group returned 2.52%.

Contributors/detractors

We continue to seek longer-term trends that we believe are creating attractive opportunities for Asian companies.

Outlook

Stock selection detracted from relative performance, especially in materials and consumer staples. Stock selection and an underweight in consumer discretionary contributed positively.

Portfolio management



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Matthew Culley

Investment environment

Stocks declined in October as concerns over conflict in the Middle East pushed energy prices higher and triggered a defensive market rotation.

Higher energy costs also fanned inflation fears. However, stocks rallied strongly in November and December as cooling inflation and signs of slowing economic growth fuelled hopes that major central banks may pause or reduce interest rates in 2024.

Portfolio review

One 97 Communications was a notable detractor. We invested in One 97, which owns Indian mobile payments company Paytm, because of its strong track record of execution and corporate governance. Additionally, we believe it is well positioned to benefit from market-oriented policy changes and digital payments growth in India. While One 97 reported positive financial performance and guidance, it faced uncertainty after the Reserve Bank of India announced new restrictions on unsecured retail credit that will require lenders to maintain higher credit reserves.

Due to these changes, One 97 announced it would scale back its "buy now, pay later" short-term lending business. This news reduced near-term earnings visibility and led to a decline in its share price. We believe the market response was an overreaction, especially as this decision did not reflect any credit issues for the company's loan

portfolio. We remain confident in our investment thesis and in the company's disciplined underwriting.

Relative performance was hindered by several of our investments in China, where the post-reopening recovery has been weaker than expected. These economic headwinds have pressured Chinese equities, including the stock of Chinese hotel owner and operator H World Group. The stock underperformed despite the company's solid operating performance and guidance. H World has been able to take advantage of the property market downturn in China to negotiate lower rents. We believe it has positioned itself to both expand geographically and capitalise on increased travel spending by Chinese consumers.

Samsung Electronics was a positive contributor. Semiconductor stocks faced headwinds earlier in 2023, as an inventory correction led to an industry-wide slump in chip orders. Now that customer inventory levels have started to normalise, semiconductor manufacturers are forecasting a gradual recovery in orders for 2024. We see an improved outlook for semiconductor demand and pricing, driven by unprecedented supply reductions and new product development in areas such as artificial intelligence (AI).

Kalyan Jewellers was another notable performer. This Indian jewellery store chain continued to execute well, and it reported better-than-expected sales and profitability. These results helped raise market sentiment around the company's strategy of new store development through a

Marketing communication

Past performance does not predict future returns.

*For benchmark/usage and peer group, 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.

franchise model, a transition it hopes will reduce the capital intensity of the business. We see Kalyan as well placed to capitalise on a long-term secular trend of the formalisation of the jewellery retail trade.

Manager outlook

We are cautiously optimistic about the outlook for global economic growth even as we recognise uncertainty around central bank policies, which could affect the cost of capital in Asian markets. We are closely monitoring macroeconomic and policy developments in China, which could have broader implications for the global economy. We see risks attached to an increasingly complex geopolitical environment, as potential conflicts, legislative changes, or electoral results could have reverberations for global economic growth, inflation, and trade policy.

Despite these sources of uncertainty, we remain optimistic about the outlook for Asian emerging markets relative to developed economies, where economic growth remains relatively slow, policy rates relatively elevated, and valuations for many stocks near historic highs. By contrast,

most emerging markets have generally seen more accommodative monetary policy and improving economic trends, at least outside of China.

We are also seeing exciting innovations in emerging markets, as visionary companies have worked to improve economic efficiencies, expand access to health care, and address the global climate crisis through electrification and green energy initiatives. We are also excited about pro-market reforms in several markets. Here, India stands out due to its demographics, corporate governance and transparency. We have been encouraged by the country's recent infrastructure investments and by changes to the bankruptcy code that may increase economic productivity.

As we look to take advantage of such opportunities, we continue to pay close attention to company and country fundamentals and corporate governance. We believe this strategy could lead to favourable long-term outcomes for our investors.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (28/09/90)
I Acc (Net)	1.79	2.99	0.08	0.08	-7.52	2.87	5.84	9.91
Index	3.95	3.30	1.61	1.61	-2.36	4.93	7.00	8.73
Peer Group	3.66	2.52	-0.94	-0.94	-2.15	5.42	7.02	8.91
I Acc (Gross)	—	—	—	—	—	3.80	6.79	10.92
Target	—	—	—	—	—	7.03	9.14	10.91

12 month rolling

	Dec 2022- Dec 2023	Dec 2021- Dec 2022	Dec 2020- Dec 2021	Dec 2019- Dec 2020	Dec 2018- Dec 2019
I Acc (Net)	0.08	-13.20	-8.94	23.77	17.68
Index	1.61	-6.75	-1.75	18.96	14.87
Peer Group	-0.94	-6.78	1.48	19.95	15.86

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/12/23. © 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. This is a representative share class for the fund, other share classes are available and may be more suitable for your investment needs.

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.

Investment objective

The Fund aims to provide capital growth over the long term. Performance target: To outperform the MSCI All Countries Asia Pacific ex Japan Index by at least 2% per annum, before the deduction of charges, over any 5 year period.

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	25 September 2000
Total net assets	130.31m
Asset class	Equities
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	MSCI All Countries Asia Pacific (Ex Japan) Index
Peer group	IA Asia Pacific ex Japan Equity

For benchmark/usage description, refer to Additional fund information on page 4.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records are detailed on the specific KIID, fees and charges may vary and further information can be found in the fund's prospectus and KIID which must be reviewed before investing. Please consult your local sales representative if you have any further queries. 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 into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

The MSCI All Countries Asia-Pacific (Ex Japan) Index is a measure of the combined performance of large and medium sized companies across developed and emerging stock markets across the Asia-Pacific region but excluding Japan. It forms the basis of the Fund's performance target and provides a useful comparison against which the Fund's performance can be assessed over time.

The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The Fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

Investment policy

The Fund invests at least 80% of its assets in a concentrated portfolio of shares (also known as equities) of companies, of any size, in any industry, in the Asia Pacific region (including the Indian subcontinent and Australasia, but excluding Japan). Companies will be incorporated, headquartered, listed on an exchange in, or deriving significant revenue from, this region. The portfolio may be concentrated in terms of its number of holdings and/or the size of its largest holdings. The Fund may also hold cash. 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 All Countries 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. The investment manager has discretion to choose investments for the Fund with weightings different to the index or not in the index. As an additional means of assessing the performance of the Fund, the IA Asia Pacific ex Japan sector average, which is based on a peer group of broadly similar funds, may also provide a useful comparator.

Investment strategy

The investment manager seeks to identify quality companies and capture growth in the dynamic and fast-growing Asia Pacific region through different market conditions. The investment process is driven by stock selection based on in-depth research, resulting in a high-conviction portfolio.

Fund specific risks

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. 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.

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INVESTORS

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Source: Janus Henderson Investors, as at 31 December 2023, unless otherwise noted.

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