

HORIZON EUROLAND FUND

At a glance

Performance*

The Fund returned 7.06%, the Index returned 10.25% and the Sector returned 8.88%.

Contributors/detractors

Broadly speaking, the fund's performance was negatively impacted by not holding ASML, SAP, and a lack of exposure to the luxury goods sector.

Outlook

While markets appear well supported at present, there are reasons to believe the possibility of a pull-back exists.

Portfolio management



Nick Sheridan

Investment environment

- The global peace dividend seems to be a thing of the past, with the continued conflict in Ukraine following Russia's invasion and the conflict in Gaza following the atrocities in Israel.
- China's economic growth seems likely to fall from previous levels but government stimulus may help.
- Global interest rates appear to be peaking, and inflation (while falling) remains sticky in areas.
- US equities have seen narrow market leadership over the last year and this is becoming more pronounced.
- Climate change remedial actions will increase corporate costs and, overall, are likely to prove inflationary. Meanwhile, corporate refinancing costs have risen.
- A consistent, key question on the mind of investors is whether or not recession has been avoided; markets seem to be betting that it has.

Portfolio review

In terms of performance, the fund faced a number of headwinds from both stock-specific factors and investment style.

Broadly speaking, the fund's performance was negatively impacted by not holding ASML, SAP, and a lack of exposure to the luxury goods sector. ASML and SAP have a combined weight in the index of greater than 10%. This is not to excuse the fund's underperformance; normally, we would hope our stock selection would mitigate these factors,

rather it is an explanation. Stock selection lagged the benchmark returns during the quarter, as luxury rebounded and investors became convinced that artificial intelligence will, almost immediately, impact corporate profits. The attraction of the aforementioned individual companies and the luxury sector, from an operational perspective, is not lost on us; however, in our opinion their relative ratings more than reflect these characteristics.

In terms of stocks held by the fund, Forvia (a supplier to car manufacturers, where we were hopeful that, in combination with results, the company would announce additional measures to reduce borrowings) duly reported earnings and put forward proposals to reduce its debt and streamline the business - we believe these are both positive steps.

Marketing communication

For professional 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.

However, the shares saw a negative reaction over uncertainty around the group's use of reverse factoring. In reverse financing, the buyer of goods provides a financing solution (via a bank), allowing suppliers to get early payment on their bills.

In order to clarify the issues to analysts and investors, the company's management team held a conference call, following which we added to the position. Uncertainty in markets creates opportunity, and while we do not expect Forvia to regain the lost ground overnight, we feel positive about the holding.

Post results, Unicredit performed strongly as analysts increased their expectations for the group's return on tangible equity, following on from this year's planned capital distribution of €10 billion and the potential for a further €8 billion in 2025. Mergers and acquisitions within the sector cannot be ruled out.

CRH continued to benefit from a re-rating after moving its main listing to the US, supported by good results that saw analysts increase their 24/25 earnings expectations.

Over the period, we sold the remaining position in Porsche SE. While at the time of sale Porsche SE was trading at a large discount to the sum of its parts, there was no visible imminent catalyst to make this discount narrow, in our view. Given the nature of the company, we saw potential returns as largely limited to the yield it offers, which, at around 5.75% against a market yielding around 3%, no longer seemed that attractive to us.

Manager outlook

In the short term, markets look reasonably supported by earnings expectations while interest rates are likely to fall over the medium term. Investors seem reasonably happy. However, AI has excited investors and global tensions remain high - the war in Ukraine is ongoing and situation in Israel/Gaza has the potential to spread.

These issues, alongside the fact that the recent rise in markets has been driven by valuation multiples rising rather than returns, make apparent the potential for some pull-back in markets.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
A2 EUR (Net)	3.57	7.06	7.06	15.64	6.85	8.51	6.19	
Index	4.45	10.25	10.25	16.70	8.72	9.21	7.10	
Sector	3.80	8.88	8.88	14.78	7.44	8.02	6.17	

Calendar year	YTD at Q1											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
A2 EUR (Net)	7.06	21.79	-15.18	27.99	-2.88	22.84	-17.26	10.07	3.58	16.60	4.76	
Index	10.25	18.78	-12.47	22.16	-1.02	25.47	-12.71	12.49	4.37	9.81	4.32	
Sector	8.89	17.03	-13.44	21.96	-1.71	23.78	-13.88	11.84	3.30	11.42	3.14	

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. © 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.

Performance fees may be charged before the Fund's outperformance target is reached. 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 www.janushenderson.com.

Investment objective

The Fund aims to provide capital growth over the long term. Performance target: To outperform the MSCI EMU Net Return EUR Index, after 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	01 July 1984
Total net assets	903.28m
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	MSCI EMU Net Return EUR Index
Morningstar sector	Eurozone Large-Cap Equity
SFDR category	Article 8

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.



Rating as at previous month end. Rating is for the representative share class as defined in the performance table.

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 75% of its assets in shares (equities) and equity-related securities of companies, of any size, in any industry, in Euroland Countries (i.e. countries having adopted the Euro as their national currency in the member state of the European Monetary Union). Companies will be incorporated in or having their principal business activities in Euroland Countries. The Fund may also invest in other assets including companies outside of Euroland Countries, 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 EMU Net Return EUR 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.

Investment strategy

The Fund has a bias towards "value" equities. The "value" approach emphasises investments in companies the relevant Investment Manager believes to be undervalued relative to their intrinsic worth. The investment process combines 'bottom-up' (company-level) analysis with a qualitative overview that helps the team to control risk while seeking to maximise performance. The process seeks to construct a portfolio of companies with established track records that are priced at a level that does not reflect their intrinsic value or future prospects.

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. 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 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.

Source for risk rating

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 5 out of 7, which is a medium-high risk class. The risk indicator assumes you keep the product for 5 years. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact our capacity to pay you.

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

Janus Henderson
INVESTORS

Source: Janus Henderson Investors, as at 31 March 2024, unless otherwise noted.

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