HORIZON PAN EUROPEAN PROPERTY EQUITIES FUND

At a glance

Performance*
The Fund returned 22.16%, the Index returned 21.48% and the Sector returned 19.61%.

Contributors/detractors
Intervest Offices & Warehouses was the standout contributor following a bid for the business. Cellnex, Helical and Empiric showed positive performance but lagged the strong sector rally.

Outlook
Increasing confidence about peak interest rates could prove a key moment for the sector. Shares are trading at historically wide discounts to asset values, representing a potentially compelling opportunity.

Portfolio management

Guy Barnard, CFA

Nicolas Scherf

Investment environment

- Property equities enjoyed their best quarter since the Global Financial Crisis, delivering a 21.5% return and materially outperforming wider equities. Geopolitical tensions were once again back in focus as Hamas' attack on Israel instigated further conflict and threatened a broader escalation in the region. The market narrative swiftly turned positive however, as several falling inflation prints suggested an economic 'soft landing' was increasingly likely. Investors subsequently increased bets on the end of the rate-hiking cycle following more dovish tones from central banks and the US Federal Reserve (Fed) surprised the market by signalling 75 basis points (bps) of rate cuts in 2024. Declining bond yields proved a substantial tailwind for the sector with higher leveraged names in the Nordics and Germany outperforming.
- Within real estate, the third quarter earnings season highlighted generally growing rental income streams, benefiting from the impact of indexation, which is helping to mitigate the impact of rising funding costs. With transaction evidence remaining low, UK valuers continued to be more aggressive with further value declines in office and retail assets, but stability in logistics, student, storage and rental residential values.
- The mismatch between public and private real estate values was once again highlighted by a cash offer for Belgian logistics and office owner Intervest from private equity. The offer price represented a substantial 52% premium to the undisturbed share price, but still a small discount to the net asset value (NAV). We also saw several well supported equity raises from REITs across Europe, most notably in logistics, student accommodation, and storage, to fund accretive investment in development pipelines and new acquisitions.

Portfolio review

Belgian firm Intervest Offices & Warehouses was the standout contributor following a bid for the business. Logistics exposure in Montea, Catena and Argan also delivered notable alpha. Swedish names Balder and Castellum also benefited from shifting sentiment towards the sector. By contrast, tower owner Cellnex, office landlord Helical and student accommodation provider Empiric detracted from performance, lagging the strong rally in the sector.

We had an active quarter in the portfolio, looking to take advantage of several front-footed equity raises in higher conviction sectors. Here, we grew the fund's position in logistics-focused Montea, storage provider Big Yellow and added new holdings in health care provider Cofinimmo, European storage owner Shurgard, logistic landlord WDP, and Sirius Real Estate in the UK. We also added French listed retail landlord Klepierre given the attractive income and cash flow metrics.

We used Belgian listed logistics/office specialist Intervest Offices as a source of funding, following a cash bid for the company. We also trimmed various outperformers, most

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

notably in Sweden, and further reduced the fund's office exposure with valuations looking fuller. We also sold our remaining position in UK residential landlord Grainger.

Manager outlook

While real estate markets will continue to face headwinds from a slowing economy and more restrictive financial conditions, increasing confidence that we have reached peak rates in Europe is likely to prove a key moment for the listed property sector. While the direct property market will need more time to reflect higher rates in published asset values, in the listed market we can start to look forward. Typically, REITs start to recover around six to nine months before direct values stabilise. We feel we are now in this phase.

Even after a recovery, European property shares are 35% below peak levels and are trading at still wide discounts to realistic bottom-of-the-cycle asset values. While further balance sheet strengthening will be required in some cases, we expect this to be manageable for most. In a lower growth environment, we think the importance of management, asset and balance sheet quality will matter more and we continue to expect divergence across different property types, driven by the themes of changing demographics, digitisation, sustainability and the convenience lifestyle. It therefore remains important, in our view, to be selective.

Performance (%)

Returns	Cumulative 1 Month	3 Month	YTD	1 Year	Annualised 3 Year	5 Year	10 Year	Since inception (01/07/98)
A2 EUR (Net)	9.32	22.16	19.43	19.43	-1.60	4.42	7.46	6.75
Index	10.54	21.48	16.34	16.34	-4.38	0.06	3.79	6.37
Sector	9.42	19.61	15.19	15.19	-3.53	0.85	4.39	5.72

12 month rolling	Dec 2022-Dec 2023	Dec 2021-Dec 2022	Dec 2020-Dec 2021	Dec 2019-Dec 2020	Dec 2018-Dec 2019
A2 EUR (Net)	19.43	-37.37	27.38	-3.93	35.60
Index	16.34	-36.57	18.49	-10.74	28.52
Sector	15.19	-34.25	18.54	-9.60	28.51

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.

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.

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 FTSE EPRA Nareit Developed Europe Capped 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 1998
Total net assets	504.07m
Asset class	Property Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	FTSE EPRA Nareit Developed Europe Capped Index
Morningstar sector	Property - Indirect Europe
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.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. 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 and/or financial adviser if you have any 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.

Investment policy

The Fund invests at least 75% of its assets in a concentrated portfolio of shares (equities) and equity-related securities of real estate investment trusts (REITs) and companies, which invest in property, in the EEA or the UK if not part of the EEA. Securities will derive the main part of their revenue from owning, developing and managing real estate. 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 FTSE EPRA Nareit Developed Europe Capped Index, which is broadly representative of the securities 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 investment manager seeks to identify European listed property companies and real estate investment trusts (REITs) that can deliver the highest total return over the long-term. The investment process follows a high conviction, 'bottom-up' (fundamental company-level) research approach aiming to identify the best risk-adjusted value from across the capitalisation spectrum.

Fund specific risks

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. 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. 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 invests in real estate investment trusts (REITs) and other companies or funds engaged in property investment, which involve risks above those associated with investing directly in property. In particular, REITs may be subject to less strict regulation than the Fund itself and may experience greater volatility than their underlying assets. 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. Some or all of the ongoing charges may be taken from capital, which may erode capital or reduce potential for capital growth.

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