HORIZON ASIA-PACIFIC PROPERTY INCOME FUND

At a glance

Performance*

The Fund returned -1.35%, the Index returned -2.16% and the Sector returned -1.68%.

Contributors/detractors

Top positive contributors include holdings in Next DC and Goodman. Detractors were in the form of underweight positions towards developers Mitsubishi Estate and Sun Hung Kai, and the holding in Ryman Healthcare.

Outlook

Listed property equities appear to be at an inflection point now that interest rates seem to have peaked. Any cuts to rates should be a positive for Asian property equities.

Portfolio management

Tim Gibson

Xin Yan Low

Investment environment

Asian property equities declined 2.2% over the month and underperformed general equities. Hong Kong (+4.5%) rebounded following several months of significant underperformance as Chinese New Year spending provided some relief from concerns over weakness in the macroeconomic condition. Meanwhile, the Budget towards the end of the month removed all stamp duties for new home purchases, which could help support the residential sector. Australia (-2.7%) went through reporting season with retail landlords outperforming due to generally strong operating metrics, while residential also did better than low expectations with settlements guidance maintained, and office fundamentals continued to deteriorate. In Japan, developers continued their strong run with activist actions boosting hopes of more corporate governance reforms while Japanese REITs (-7.1%) lagged amid some concerns of potential shift in monetary policies in the upcoming Bank of Japan meetings. Singapore (-4.3%) underperformed, dragged mainly by developers where results came in below market expectations.

Portfolio review

The fund's performance was boosted by positive contributions from Australia, particularly our off-benchmark holdings in Next DC and Goodman Group which both reported a strong set of results, reaffirming the positive trends we are seeing in the data centre sector. This was partially offset by detraction elsewhere, with a drag at the stock level from our underweight position in Japanese developer Mitsubishi Estate and Hong Kong developer Sun Hung Kai, as well as holdings in Ryman Healthcare, which reported results below market expectations.

Over the period, we took profit from our holdings in Fukuoka REIT, which had outperformed given strong fundamentals in the Kyushu region. We used the proceeds to top up our existing holdings in Japanese developers. We participated in the equity raise of Digital Core REIT to fund a set of accretive acquisitions, and funded this with proceeds from top-slicing our Australian REIT holdings given their outperformance following recent results. In Singapore, we also made a switch from CapitaLand Investment into a new holding in Paragon REIT, to increase the fund's exposure to the Singapore retail sector where operating metrics continue to strengthen.

Manager outlook

Following a couple of challenging years amid significant interest rate rises from many global central banks, the market is awaiting a potential end of the rate hike cycle which would mark a change in sentiment for property equities. We think valuations are still attractive relative to private real estate (trading at a significant discount to net

*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.

asset value) and to history. However, fundamentals are mixed by country and sector, and therefore we believe that stock selection will remain important.

We believe the long-term benefits of owning listed real estate remain. The asset class has historically offered lower correlations to many other asset classes and provided investors the benefits of portfolio enhancement by increasing risk-adjusted returns within a balanced portfolio. The real estate market continues to provide an attractive, reliable and growing income stream for investors - something we expect to be rewarded over time.

Performance (%)

Returns	Cumulative 1 Month	3 Month	YTD	1 Year	Annualised 3 Year	5 Year	10 Year
A2 USD (Net)	-1.35	1.39	-4.70	-6.91	-7.93	-2.53	0.33
Index	-2.16	0.60	-6.09	-7.50	-6.44	-3.56	0.76
Sector	-1.68	1.72	-5.92	-6.24	-7.97	-4.16	0.54

Calendar year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A2 USD (Net)	-1.58	-14.85	0.70	-1.48	20.92	-5.05	15.47	0.86	-4.84	-3.40
Index	-1.85	-11.60	5.03	-9.14	16.93	-0.97	15.74	6.53	-7.46	-0.28
Sector	-0.15	-14.77	0.39	-6.95	17.43	-3.68	19.17	3.36	-4.99	2.73

Performance is on a net of fees basis, with gross income reinvested. Source: at 29/02/24. **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 a sustainable level of income, with a dividend yield higher than that of the FTSE EPRA Nareit Developed Asia Dividend Plus Index, plus the potential for capital growth over the long term (5 years or more).

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	03 October 2005
Total net assets	17.72m
Asset class	Property Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	USD
Index	FTSE EPRA Nareit Developed Asia Dividend Plus Index
Morningstar sector	Property - Indirect Asia
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. 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. From 1 July 2020, the Fund's benchmark changed from FTSE EPRA Nareit Pure Asia Total Return Net Dividend Index to FTSE EPRA Nareit Developed Asia Dividend Plus Index, investment objective performance target also changed. Past performance shown before 1 July 2020 was achieved under circumstances that no longer apply. 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 a concentrated portfolio of shares (equities) and equity-related securities of real estate investment trusts (REITs) and companies, of any size, which invest in property, in the Asia Pacific region. Securities will derive the main part of their revenue from owning, developing and managing real estate which in the view of the Investment Manager offer prospects for above average dividends or reflect such prospects. The Fund may also invest in other assets including 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 FTSE EPRA Nareit Developed Asia Dividend Plus Index, which is broadly representative of the securities in which it may invest, as this forms the basis of the Fund's income 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 Asian listed property companies and real estate investment trusts (REITs) which derive the main part of their revenue from the Asia Pacific region, that can deliver a regular and stable dividend with the potential for capital growth over the long term. The investment process follows a high conviction, 'bottom-up' (fundamental company analysis) approach aiming to identify the best risk-adjusted value from across the investment universe.

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. In addition to income, this share class may distribute realised and unrealised capital gains and original capital invested. Fees, charges and expenses are also deducted from capital. Both factors may result in capital erosion and reduced potential for capital growth. Investors should also note that distributions of this nature may be treated (and taxable) as income depending on local tax legislation. 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. The Fund may incur a higher level of transaction costs as a result of investing in less actively traded or less developed markets compared to a fund that invests in more active/developed markets.

FOR MORE INFORMATION PLEASE VISIT **JANUSHENDERSON.COM**

Source: Janus Henderson Investors, as at 29 February 2024, unless otherwise noted.

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