Janus Henderson INVESTORS

HORIZON PAN EUROPEAN EQUITY FUND

At a glance

Performance*
The Fund returned -1.43%, the Index returned -1.70% and the Sector returned -2.78%.

Contributors/detractors
Recovery in Chinese pulp plus sound execution of its growth plans made UPM the main positive contributor. An adverse legal verdict in the Dutch insurance industry was the main detractor.

Outlook
While the underperformance of medium-sized companies has created challenging conditions for our approach, we remain confident that solid fundamentals will eventually shine through.

Portfolio management



Marc Schartz, CFA

Investment environment

Equity markets ended lower over the quarter. With the unfolding economic slowdown manifesting itself in more and more pockets of the economy, and US data suggesting that the labour market may be finally starting to cool down, it appears that we are approaching the end of the monetary tightening cycle. However, the message from central banks in September has been “higher for longer” when it comes to the outlook for interest rates. As a response, US and European sovereign bond yields surged to multi-year highs and equity markets retreated, with long duration sectors such as utilities, technology and consumer discretionary leading the decline. In the latter, the luxury goods sub-segment has been especially hard hit amid growing uncertainties around the resilience of the consumer in China, but also in the US and Europe.

Traditional value-style segments such as energy outperformed significantly, buoyed by a resurgent oil price. Overall, value-style stocks outperformed growth-style stocks by 8%. After two months of relative stabilisation, mid-caps resumed their underperformance against large-cap stocks in September, underperforming around 14% since the beginning of last year.

Portfolio review

The main positive contributors were Total and UPM. Total's performance was mainly a reflection of the above-mentioned momentum of the energy sector. While UPM's financial results remained under pressure in the short term, some signs of stabilisation in the Chinese pulp market, as well as the successful ramp-up of UPM's new Uruguayan pulp mill, were sufficient to trigger a relief rally.

The main performance detractors were ASR and Carlsberg. After delivering solid results at the end of September, the market was looking forward to seeing ASR harvesting the benefits of its completed merger with Aegon Netherlands. All this changed in the last week of the month when a court ruling against mis-selling practices in the Dutch insurance industry in the late nineties/mid-noughties spooked the market. While prolonged uncertainties often come with such legal events, the situation appears manageable for ASR in our view. Carlsberg delivered its customary earnings beat and raise with its second quarter results. Despite the sound fundamental performance, the share price drifted downwards throughout the quarter because of market worries around the brewer's sizeable exposure to China, a poor summer season for beer in Europe (i.e. too much rain) as well as a well flagged management change which brings to an end the highly successful tenure of the previous CEO/CFO team.

We initiated a new position in Swiss industrial firm Daetwyler, a leading supplier of elastomer system critical packaging components to health care, food & beverage and automotive clients. Its shares have been under significant pressure for the last 18 months as its Covid-related business (i.e. sealings for vaccines) unravelled and

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.

as it was facing a surge in input costs that could only be passed on with a time lag. With these headwinds having largely played out, the focus may shift to the significant growth opportunities for Daetwyler in packaging solutions for the hottest pharmaceutical story on the market currently - namely obesity drugs. Elsewhere, we initiated a new position in specialty pharma company Argenx, which focuses on rare autoimmune diseases. After positive read-outs of its flagship product, the company's high-growth profile appears well underpinned. We also added a position in windmill maker Nordex. The windmill industry has long been a conundrum as despite strong structural growth prospects, the various equipment players have failed to deliver acceptable economics. We see various developments which make us believe that it is a good moment to step back into the industry. They include (i) strong structural demand which remains unabated given ambitious renewable targets around the world, (ii) lengthening product cycles which should support the profitability of equipment makers, and (iii) the fact that bottlenecks to develop onshore wind in Europe seem to be finally get tackled. In order to fund these different additions, we took profit and exited our long-standing position in German defence company Rheinmetall. While we believe that defence remains a structural growth story for years to come, its shares were up over 200% since the beginning of 2022. We also exited the position in Siemens Healthineers as we now hold exposure to the asset via its mother company Siemens, which we added a few months ago. We also sold out of the position in Smurfit Kappa as the company engaged in a sizeable take-over that altered our investment case.

Manager outlook

The economic outlook remains highly uncertain. While we are likely to be in the final phase of the rate hiking cycle, it remains to be seen how monetary tightening will eventually translate into the real economy. The debate around a hard versus a soft landing is difficult to call at this stage. Nonetheless, the pronounced de-stocking activities that have undermined the underlying economics in many industries over the last 12 months should be approaching their conclusion, and hence offer some comparative tailwinds into next year.

We have used share price volatility around those temporary destocking-related demand disruptions to build various positions in structurally well positioned companies. While the significant - and occasionally indiscriminate - underperformance of mid-caps has resulted in more challenging conditions for our approach, we remain confident that the solid fundamentals of medium-sized companies in general, and especially those we invest in will, eventually shine through. Consistent with our core approach the fund is set up in a balanced way in terms of factor/sector exposures, making relative performance not dependent on a specific macroeconomic development.

Source: Janus Henderson Investors, as at 30 September 2023

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (30/11/01)
A2 EUR (Net)	-2.34	-1.43	5.94	19.23	3.94	3.43	4.77	5.75
Index	-1.51	-1.70	9.64	20.68	11.46	6.49	7.01	5.28
Sector	-2.11	-2.78	7.16	16.94	7.97	4.22	5.33	3.88

12 month rolling	Sep 2022-Sep 2023	Sep 2021-Sep 2022	Sep 2020-Sep 2021	Sep 2019-Sep 2020	Sep 2018-Sep 2019
A2 EUR (Net)	19.23	-23.70	23.41	4.43	0.98
Index	20.68	-11.53	29.67	-6.86	6.20
Sector	16.94	-15.03	26.63	-4.57	2.37

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/09/23. © 2023 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 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 World Europe 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	30 November 2001
Total net assets	258.18m
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	FTSE World Europe Index
Morningstar sector	Europe Large-Cap Blend 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.

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. 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. From 01 August 2022, Jamie Ross no longer manages this fund, Marc Schartz and Simon Rowe now co-manage this fund. From 1 November 2022 Simon Rowe no longer manages this 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. 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 companies, of any size, in any industry, in the EEA or the UK. Companies will have their registered office in the EEA or the UK. 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 World Europe 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 investment manager looks to invest in good quality large or mid-sized European companies capable of delivering a sustained or improving return on capital over the long term, with some tactical exposure to companies benefiting from a short-term market or stock-specific catalyst. The Fund utilises a proprietary and adaptive screening tool based on fundamental research to deliver a comparable thesis for every stock under consideration, to help foster greater consistency and conviction in analysis and decision making. Smaller companies are not normally a significant focus of the portfolio.

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. 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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