

CHINA OPPORTUNITIES FUND

At a glance

Performance*

The Fund returned 1.87%, the Index returned -6.70% and the Peer Group returned 5.59%.

Contributors/detractors

Key contributors included Montage Technology and Naura Technology, while the holding in CStone Pharmaceuticals detracted from performance.

Outlook

Chinese policymakers unveiled stimulus measures aimed at supporting economic growth, with the stated objective of achieving an annual GDP growth target of between 4.5% and 5.0% in 2026.

Portfolio management



Victoria Mio, CFA

Investment environment

- Chinese equities fell due to some disappointing economic data (although first-quarter GDP expansion of 5.0% was better than forecast) and profit-taking in the technology sector. China's exports continued to exceed expectations, reaching a record high of \$377 billion in May.
- However, domestic consumption remained weak. Retail sales contracted in May, which was the first negative result since December 2022.
- President Xi Jinping met his US counterpart, Donald Trump, in Beijing. Although core structural issues, such as tariffs and export controls, remained unresolved, the summit likely reduced the risk of a near-term escalation, while providing a framework for selective cooperation, modest economic outcomes and a clearer path for engagement.
- The two leaders also visited the Temple of Heaven, which symbolised the importance of realignment following a period of turmoil in US/China relations. We believe a broader normalisation of relations could present opportunities in select sectors, where lower geopolitical risk may improve earnings visibility and foreign capital flows. These include semiconductors, internet platforms, data centres, healthcare,

transportation, batteries, chemicals and selected industrial exporters.

Portfolio review

Positive contributors included Montage Technology and Naura Technology. Shares in both companies benefited from a broadening of the AI rally beyond chipmakers to related supply chains. Semiconductor designer Montage Technology reported a better-than-expected trading statement, with its net profits up 61% year on year, as well as a significant expansion in gross margins. Progress in its fifth-generation memory interface chips further supported investor confidence in its ability to meet the growing demands of AI hyperscalers.

Naura Technology, a state-owned semiconductor equipment manufacturer, continued to benefit from robust demand for its equipment from Chinese memory chipmakers. The company is viewed as a potential beneficiary of China's five-year road map to spur technological breakthroughs and greater self-reliance in advanced manufacturing, which extends to the country's semiconductor sector.

Conversely, the holding in CStone Pharmaceuticals detracted. Concerns about the increasingly competitive landscape for cancer treatment weighed on its share price. Investors remained sceptical about its CS2009 lung cancer therapy despite encouraging early clinical data, with plans for phase 3 clinical trials scheduled for the end of the year.

Marketing communication

Past performance does not predict future returns.

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*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.

The underweight position in Lenovo also detracted from relative fund performance. Lenovo's share price rose sharply after it announced robust full-year results, which subsequently led to a re-rating of the stock.

During the quarter we initiated a number of positions, including NetEase and WuXi AppTec. We are encouraged by NetEase's summer games pipeline, which included Sea of Remnants and Blood Message. We believe these games could be major revenue generators in the coming quarters. A dual-primary listing has made the company's shares accessible via the Shanghai/Shenzhen Stock Connect programme and we believe this inclusion could act as a catalyst for the stock, improving liquidity and broadening its investor base. We had high conviction in pharmaceutical company WuXi AppTec, as we believed the company's earnings growth may have reached an inflection point following its strong first-quarter results. Moreover, its small molecule development and manufacturing (DM) pipeline remained robust and the company had a strong order book backlog.

We exited positions in PetroChina and ENN Natural Gas as the easing of tensions in the Middle East led to lower oil and gas prices. We also closed the position in Aluminum Corporation of China following the recent outperformance of its share price. Aluminium prices had risen sharply since the onset of the Middle East conflict in late February.

Manager outlook

We believe Chinese equities could benefit from further policy support in the areas of AI, consumption and infrastructure. As such, we maintain an overweight position in China's AI supply-chain beneficiaries. We prefer

businesses linked to AI bottlenecks, with improving earnings visibility and pricing power, while remaining mindful of cyclical capital expenditure (capex) beneficiaries. We are investing in companies that we think could benefit from growth in inference demand, lower token prices and the real-world deployment of AI, while maintaining our valuation discipline.

In the meantime, a stronger yuan and improving US/China relations could act as catalysts to attract foreign funds seeking opportunities in emerging markets such as China.

While risks remain, including those related to the Middle East conflict, the alignment of looser monetary policy, a US-China détente and favourable currency dynamics may create a supportive environment for Chinese equities, in our view. China's 15th five-year plan signals a strategic pivot to quality growth via technology self-sufficiency, consumption-led growth and national security resilience. As such, we believe investing in China today requires a new playbook and demands greater awareness of the country's policy priorities.

We remain positive about the long-term investment opportunities in Chinese equities, due to what we see as attractive valuations, value-up reforms, unique sector exposure and diversification benefits. Given the current two-speed model of growth (manufacturing/exports on the fast track, while consumption and property are drifting along) in China, we believe there are a number of alpha-generation opportunities. Therefore, we continue to focus on companies with improving corporate fundamentals and what we see as better potential for shareholder returns, trading at reasonable valuations.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (31/03/83)
I Acc (Net)	-2.73	1.87	2.12	19.83	9.65	-5.03	5.03	10.87
Index	-5.96	-6.70	-10.35	1.73	6.48	-4.56	4.81	—
Peer Group	-1.29	5.59	1.79	21.24	8.98	-3.87	6.37	10.39
I Acc (Gross)	—	—	—	—	—	-4.20	5.95	11.82
Target	—	—	—	—	—	-2.17	7.43	—

12 month rolling

	Jun 2025-Jun 2026	Jun 2024-Jun 2025	Jun 2023-Jun 2024	Jun 2022-Jun 2023	Jun 2021-Jun 2022
I Acc (Net)	19.83	15.93	-5.10	-26.83	-19.89
Index	1.73	24.13	-4.38	-19.49	-18.53
Peer Group	21.24	14.10	-6.42	-23.67	-16.92

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/06/26. © 2026 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. 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 objective

The Fund aims to provide a return, from a combination of capital growth and income over the long term. Performance target: To outperform the MSCI Zhong Hua 10/40 Index by 2.5% 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	01 March 1983
Total net assets	183.80m
Asset class	Equities
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	MSCI Zhong Hua 10/40 Index
Peer group	IA China/Greater China 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. From 1 July 2020, the Fund's benchmark changed from MSCI Zhong Hua Index to MSCI Zhong Hua 10/40 Index. Past performance shown before 1 July 2020 was achieved under circumstances that no longer apply. 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.

The MSCI Zhong Hua 10/40 Index is a measure of the combined performance of large and medium sized companies listed on Hong Kong and Chinese stock markets re-weighted from the parent index by the benchmark provider to align with the UCITS fund investment restrictions. 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 China or Hong Kong. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in this region. The Fund may invest up to 50% of its assets in China A-Shares. The portfolio may be concentrated in terms of its number of holdings and/or the size of its largest holdings. The Fund may also invest in other assets including companies outside this region, depository receipts or other similar investments, Collective Investment Schemes (including those managed by Janus Henderson), 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 Zhong Hua 10/40 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 China/Greater China 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 companies that can generate unexpected earnings growth, at both an industry and stock level, not yet recognised by the broader market. These companies will typically operate in markets that the Investment Manager believes to offer sustainably high levels of growth at a reasonable price.

Fund specific risks

Shares 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. The Fund follows a growth investment style that creates a bias towards certain types of companies. This may result in the Fund significantly underperforming or outperforming the wider market. Emerging markets expose investors 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. The Fund may invest in China A-shares via a Stock Connect programme. This may introduce additional risks including operational, regulatory, liquidity and settlement risks. High exposure to a particular country or geographical region carries a higher level of risk than a more broadly diversified portfolio. When a portfolio is concentrated (has a significant portion of its assets invested in a limited number of holdings), an adverse event impacting even a small number of holdings could create significant volatility or losses. Derivatives may be used 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. seeks to mitigate exchange rate movements between the share/unit class currency and the base currency of the Fund), the value of your investment may be impacted by changes in exchange rates. Securities 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. Losses could be incurred if a counterparty became 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.

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Source: Janus Henderson Investors, as at 30 June 2026, unless otherwise noted.

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