Janus Henderson INVESTORS

CHINA OPPORTUNITIES FUND

At a glance

Performance*
The Fund returned −4.35%, the Index returned 4.21% and the Peer Group returned −4.26%.

Contributors/detractors
Leading contributors included WuXi AppTec and TCL Electronics, while holdings in Montage Technology, Naura Technology and L&K Engineering (Suzhou) detracted.

Outlook
Chinese policymakers unveiled stimulus measures aimed at boosting economic growth in order to achieve an annual GDP growth target of between 4.5% and 5.0% in 2026.

Portfolio management



Victoria Mio, CFA

Investment environment

- Chinese equities rose over the quarter. After a very strong first half of the year, driven by enthusiasm around artificial intelligence (AI) and an improvement in corporate earnings, markets experienced a sharp correction in July. This reflected ongoing questions around the sustainability of China's economic recovery, led by AI, semiconductors and advanced manufacturing, amid persistent apprehensions about the domestic economy.
- Second-quarter GDP growth slowed more than expected to a three-and-a-half-year low. Economic performance was also generally uneven. Nevertheless, we believe the secular trend towards quality-led growth persists under the 15th five-year plan, with 2026 acting as a transition year, while 2027 could be the year when the benefits of structural reforms start to materialise. This could partly explain why headline economic figures appear weak, although we believe the corporate sector is demonstrating increased competitive resilience.
- Following the latest US/China summit, we believe a more predictable geopolitical backdrop could improve the investment case for Chinese equities by reducing the risk premium while providing select stock-picking opportunities in some sectors, such as AI, semiconductors, electric vehicles (EVs) and biotechnology.

Portfolio review

Leading contributors to performance were WuXi AppTec and TCL Electronics. Shares in WuXi AppTec continued to benefit from a significant re-rating of China's biotechnology sector, as it transitioned from employing a fast-follower strategy to becoming an emerging player in global drug and biotechnology innovation. Driven by surging worldwide demand for GLP-1 drugs and other obesity treatments, the company has developed multi-year partnerships with pharmaceutical firms including Eli Lilly and is currently the largest manufacturer of peptides globally, being responsible for nearly two-thirds of all commercially launched GLP-1 drugs. Despite regulatory risk in the US, we retain conviction in the underlying fundamentals of the business and are encouraged by a substantial upward revision to its full-year guidance (forecasts), a strong order backlog and higher margins. Shares in TCL Electronics also performed well after it provided strong half-year guidance. The company is expected to benefit from its overseas expansion, product mix improvement and better monetisation of its high-margin internet business.

Key detractors centred on AI-related businesses. These included Montage Technology, Naura Technology and L&K Engineering (Suzhou). After months of a strong run-up in

Marketing communication
Past performance does not predict future returns.
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. There is no guarantee that past trends will continue, or forecasts will be realised.
*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.

their share prices, these stocks experienced a sharp sell-off in July due to a combination of technical factors as well as concerns around higher valuations. We have since reduced our AI-related holdings.

During the quarter, we initiated a number of positions, including Xiaomi and WuXi Biologics. We used the weakness in Xiaomi's share price to build a position, as we viewed the company favourably given its potential to accelerate growth in the AI ecosystem and expand its EV addressable market. We were encouraged by Xiaomi's entry into the large-family SUV market with the launch of its SkyNomad series and by expansion plans into European markets. We liked WuXi Biologics, where strong demand for complex biologics has led to a robust project pipeline and a strong order book backlog for the company.

We trimmed the position in the technology sector by closing the position in L&K Engineering and taking some profits in Montage and Naura.

Manager outlook

We believe Chinese equities could benefit from further policy support in the areas of AI, consumption and infrastructure. However, given elevated global inflation and interest rates, we have taken profits in parts of our AI exposure in recent months and are being more selective about valuations. We continue to prefer businesses linked to AI bottlenecks, with improving earnings visibility and pricing power, while remaining mindful of cyclical beneficiaries of capital expenditure (capex).

We hold a strong overweight position in our Value Up theme, which captures companies turning cash flow into shareholder returns. Regulators have tied dividends and buybacks to listing, refinancing and state-owned company assessments, and A-share dividends reached a record of about RMB 2.4 trillion in 2025, with the payout ratio rising to about 45%. Yet the CSI Dividend Index still trades at 0.86x book value with a 4.21% yield, against a 1.68% yield on the 10-year government bond. We see this as a potential source of income that may help cushion volatility in our growth holdings, with potential for re-rating if payouts continue to rise.

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 energy security, the alignment of looser monetary policy, a US-China détente and favourable currency dynamics could 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, there are a number of alpha-generation opportunities, in our view. 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)	-1.35	-4.35	-2.32	-6.88	7.64	-2.74	2.62	10.69
Index	-2.40	4.21	-6.58	-11.55	7.67	-0.81	3.63	—
Peer Group	-3.03	-4.26	-2.55	-6.25	7.46	-2.41	4.21	10.22
I Acc (Gross)	—	—	—	—	—	-1.88	3.51	11.64
Target	—	—	—	—	—	1.67	6.22	—

12 month rolling	Sep 2025-Sep 2026	Sep 2024-Sep 2025	Sep 2023-Sep 2024	Sep 2022-Sep 2023	Sep 2021-Sep 2022
I Acc (Net)	-6.88	33.19	0.57	-11.55	-21.09
Index	-11.55	27.21	10.93	-4.96	-19.06
Peer Group	-6.25	25.40	5.57	-11.31	-19.57

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/09/26. © 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	175.90m
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, depositary 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.

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

Janus Henderson
INVESTORS

Source: Janus Henderson Investors, as at 30 September 2026, unless otherwise noted.
Please read all scheme documents before investing. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. Marketing Communication. Past performance does not predict future returns. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the prospectus, and where relevant, the key investor information document before investing. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes. Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK Limited (reg. no. 2678531), Tabula Investment Management Limited (reg. no. 11286661), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Janus Henderson Investors Europe S.A. (reg no. B22848 at 78, Avenue de la Liberté, L-1930 Luxembourg,

Luxembourg and regulated by the Commission de Surveillance du Secteur Financier). Janus Henderson® and any other trademarks used herein are trademarks of Janus Henderson Group Ltd. or one of its subsidiaries. © Janus Henderson Group Ltd.