

Janus Henderson Emerging Markets Fund

January 2021

For promotional purposes
For professional investors only

Fund Manager Name

Daniel J. Graña, CFA

Macro backdrop

Emerging market stocks were positive in January, outperforming broader global equities. Emerging Asia generally led as these countries appeared to be further along in addressing the COVID-19 pandemic. The communication services sector was a strong driver of absolute returns, supported by growth in the digital economy. Consumer discretionary stocks also outperformed the broader market. The more defensive utilities sector lagged the broader market and real estate also underperformed, due in part to headwinds for Chinese property stocks.

Fund performance and activity

The fund returned 6.34 and outperformed its benchmark, the MSCI Emerging Markets Index, which returned 3.8%.

The fund's country and sector allocations reflect our emphasis on viewing emerging market equities through multiple lenses that include the macro and policy landscape as well as company fundamentals and strong corporate governance. We also continue to follow a number of longer-term trends with implications for emerging market investments. For example, we have found opportunities tied to China's policy shift toward green energy. Chinese President Xi has laid out ambitious plans to target peak emissions in 2030 and carbon neutrality by 2060, an aggressive timeline that will necessitate significant investments in renewables and electric vehicles. We believe this transition will have powerful ripple effects, benefiting companies in the renewable and environmental protection infrastructures, while challenging fossil fuel-producing companies and countries. As we have positioned ourselves for this shift, we have increased our exposure to renewable energy companies. These include China Longyuan Power, the leading wind farm operator in China and a strong positive contributor to relative performance in January.

Health care innovation is another trend creating opportunities in the emerging markets. We see tremendous potential tied to the expansion of health care services and advanced therapeutics in China and other traditionally underserved markets. This expansion is being driven by both local innovators as well as through partnerships between local enterprises and global health care companies. Our interest in this trend led us to Everest Medicine, a Chinese biopharmaceutical company that helps global partners license and commercialise their therapies to tap into China's vast addressable market. We view the stock as a lower risk opportunity for capitalising on health care innovation. Because it typically partners on products that have already been approved in other geographic markets, its business depends less on a binary outcome on a single prospective therapy.

In January we saw some pullback from the reopening optimism that drove market performance in the fourth quarter of 2020, when hopes around several COVID-19 vaccines led investors to favour companies that may benefit from a return to normal economic activity. This optimism was tempered in January by reports of new virus strains, some delays in vaccine distribution and renewed lockdown measures aimed at addressing rising infection rates in a number of countries. These developments led investors to rotate away from some of the reopening plays and back into stocks that outperformed during earlier lockdowns, including those benefiting from the shift to at-home work and entertainment. This rotation worked in favour of Chinese internet and digital media company Tencent Holdings, a notable positive contributor for the month.

Fears of a delayed reopening also created headwinds for several of our financials holdings. As a result, relative detractors for the month included Itaú Unibanco Holding and Boa Vista Servicos, a company that owns a consumer credit services and debt collection business in Brazil. The pandemic has forced banks to give accommodations to delinquent borrowers instead of taking steps to collect payment through collection agencies. We see this as a temporary issue and we believe our bank holdings remain well positioned for improved fundamentals once economies fully reopen.

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Outlook/strategy

Emerging markets are facing dual challenges from the pandemic and a shift away from globalisation, which has made it harder for countries to export their way to prosperity. Despite these challenges, we see reasons for optimism with the development of several COVID-19 vaccines that may help address the pandemic and lead to a broadening of emerging market opportunities in the coming year. While we continue to find attractive investments tied to innovation in north Asia, we believe this region's outperformance relative to the rest of the emerging markets may narrow in 2021 as the vaccine becomes more widespread and investors focus again on valuations differences.

That said, we believe that failure to contain the pandemic in 2020 will have lasting consequences, especially for countries such as South Africa, Brazil and India that were already on fragile economic trajectories. Countries that can manage the virus will return more quickly to normal levels of economic activity. Those that do not will face continued health, economic and fiscal repercussions. We anticipate this divergence will lead to fragmented end markets and shortened supply chains. Trade policy may continue to complicate these trends. While a Biden victory has changed the US political landscape, it will be difficult to easily reverse the changes set into motion with tariffs and technology export bans. As we look to navigate these crosscurrents, we remain committed to seeking a combination of good companies, good governance and good countries - a strategy we believe should lead to favourable investment outcomes over the longer term.

Source: Janus Henderson Investors, as at 31 January 2021

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Fund information

Index	MSCI Emerging Markets Index
Morningstar sector	Europe OE Global Emerging Markets Equity
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 Emerging Markets Index by 2% per annum, before the deduction of charges, over any 5 year period.

Performance in (EUR)

Performance %	R€ (Net)	Index	Sector	Quartile ranking	R€ (Gross)	Target (Gross)
1 month	6.3	3.8	3.9	1st	-	-
YTD	6.3	3.8	3.9	1st	-	-
1 year	19.2	16.7	14.7	2nd	-	-
3 years (annualised)	3.7	5.3	4.5	3rd	-	-
5 years (annualised)	9.3	12.4	11.0	4th	11.2	14.6
10 years (annualised)	3.7	5.7	4.7	3rd	5.6	7.8
Since inception 29 Sep 2000 (annualised)	5.1	7.4	6.4	-	7.0	9.5

Source: at 31 Jan 2021. © 2021 Morningstar. All rights reserved, performance is with gross income reinvested. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Discrete year performance %	R€ (Net)	Index	Sector	R€ (Gross)	Target (Gross)
31 Dec 2019 to 31 Dec 2020	11.4	8.5	7.2	13.4	10.7
31 Dec 2018 to 31 Dec 2019	9.7	20.6	21.0	11.7	23.0
31 Dec 2017 to 31 Dec 2018	-13.7	-10.3	-12.3	-12.2	-8.5
31 Dec 2016 to 31 Dec 2017	13.4	20.6	18.6	15.4	23.0
31 Dec 2015 to 31 Dec 2016	13.8	14.5	12.6	15.8	16.8

Source: at 31 Dec 2020. © 2021 Morningstar. All rights reserved, performance is with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

Source for target returns (where applicable) – Janus Henderson. Where quartiles are shown, 1st quartile means the share class is ranked in the top 25% of share classes in its sector.

Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective.

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Past performance is not a guide to future performance. 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.

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For further information on the Luxembourg-domiciled Janus Henderson fund range please contact your local sales office or visit our website: www.janus Henderson.com.

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