

Janus Henderson Latin American Fund

Quarter 4 2019

Fund Manager Name: Daniel J. Graña, CFA

Macro backdrop

Latin American equities posted a strong quarter, primarily driven by the improved outlook on trade as the US and China announced that they reached an initial phase one agreement. Importantly, this signalled a potential truce in the long-running dispute ahead of US elections.

During the quarter there was a continuation of positive news and sentiment, driven by the more positive tone on trade as well as from the bottoming of several global purchasing managers' indices (PMIs) including China's and signs that US monetary policy will remain accommodative, which should aid emerging markets economies and currencies. A rebound across most of the commodity complex, which tends to be supportive of nearly all Latin American economies, also proved beneficial to the region's stocks.

Fund performance and activity

The fund underperformed its benchmark, the MSCI Emerging Markets Latin America Index, and its peer group over December.

Several key detractors were Chilean stocks that were negatively impacted by ongoing civil unrest in the country. The continued protests and violence, in our view, will undoubtedly hinder economic growth and have already weighed significantly on the currency (Chilean peso). Given the chunky position sizes inherited from the previous management team, it is not surprising to see six of the top ten detractors as Chilean stocks.

One of the most significant positive contributors to performance was Companhia de Locacao das Americas. Companhia de Locacao das Americas can be viewed as the "Avis of Brazil." The company specialises in customised car rental fleets and is the clear beneficiary of an improving domestic economic outlook. In addition to the brighter demand picture, the company also is enjoying significant tailwinds from the monetary easing cycle in Brazil where interest rates sit near record lows. The company opportunistically raised capital during the month, putting it in an even stronger position to extend the duration of growth and improve the returns.

Another top performer was Ivanhoe. The company is a natural resources producer that is developing three sizable tier 1 assets in Africa. The company continues to advance its key Kamao-Kukula copper asset and was aided in December by a notable rebound in the copper spot price as global PMIs appear to be bottoming. Also aiding sentiment was the easing of the US-China trade dispute and supply constraints are starting to emerge following disruptions in Chile (global copper inventories are now at their lowest levels since early 2015).

Outlook/strategy

After significantly lagging US equities over the last eight years, Latin American equities, in our view, are positioned for better relative performance in the coming year. Constraints on broader emerging market economic growth and market sentiment such as the China-US trade war and developed market central bank action are no longer getting worse, or are even outright reversing. Additionally, credible policy action to stabilise Chinese growth should prove to be supportive as well. While the 2020 earnings expectations for Latin American equities remain ambitious, the relative valuation differential between the asset class and that of the US should attract global interest to the region. Among Latin America countries, the direction of travel for Brazil appears the most promising whereas those of Mexico, Chile and Argentina look challenging.

We take a disciplined approach to investing in Latin American equities and believe that investing in companies where there is an intersection of attractive country, governance and corporate fundamentals should lead to attractive risk-adjusted returns. We focus our analysis in these three areas, and with a rigorous and risk-aware approach to portfolio construction, we believe the fund can deliver attractive risk-adjusted returns to investors over the long term.

Source: Janus Henderson Investors, as at 31 December 2019

Janus Henderson Latin American Fund

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

Benelux

Janus Henderson Investors
Tel: +31 20 675 0146
Fax: +31 20 675 7197
Email: info.nederlands@janushenderson.com

France/Monaco/Geneva

Janus Henderson Investors
Tel: +33 1 53 05 41 30
Fax: +33 1 44 51 94 22
Email: info.europe.francophone@janushenderson.com

Germany/Austria

Janus Henderson Investors
Tel: +49 69 86 003 0
Fax: +49 69 86 003 355
Email: info.germany@janushenderson.com

Dubai

Janus Henderson Investors
Tel: +9714 401 9565
Fax: +9714 401 9564
Email: JanusHenderson-MEACA@janushenderson.com

Hong Kong

Janus Henderson Investors
Tel: +852 2905 5188
Fax: +852 2905 5138
Email: marketing.asia@janushenderson.com

Italy

Janus Henderson Investors
Tel: +39 02 72 14 731
Fax: +39 02 72 14 7350
Email: info.italy@janushenderson.com

Latin America

Janus Henderson Investors
Tel: +44 20 7818 6458
Fax: +44 20 7818 7458
Email: sales.support@janushenderson.com

Nordics

Janus Henderson Investors
United Kingdom
Tel: +44 20 7818 4397
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Singapore

Janus Henderson Investors
Tel: +65 6836 3900
Fax: +65 6221 0039
Email: marketing.asia@janushenderson.com

Spain/Portugal/Andorra

Janus Henderson Investors
Tel: +34 91 562 6172
Fax: +34 91 564 6225
Email: info.iberia@janushenderson.com

Switzerland (Germanic)

Janus Henderson Investors
Tel: +41 43 888 6262
Fax: +41 43 888 6263
Email: info.switzerland@janushenderson.com

United Kingdom

Janus Henderson Investors
Tel: +44 20 7818 1818
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Important Information

This document is intended solely for the use of professionals and is not for general public distribution. Any investment application will be made solely on the basis of the information contained in the Fund's 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 Fund's prospectus and key investor information document before investing. 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. Past performance is not a guide to future performance. The performance data does not take into account the commissions and costs incurred on the issue and redemption of units. 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. The Fund is a recognised collective investment scheme for the purpose of promotion into the United Kingdom. Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Fund and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Please note that Isle of Man investors will not be protected by statutory compensation arrangements in respect of the Janus Henderson Fund. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

The Janus Henderson Fund (the "Fund") is a Luxembourg SICAV incorporated on 26 September 2000, managed by Henderson Management S.A. A copy of the Fund's prospectus and key investor information document can be obtained from Henderson Global Investors Limited in its capacity as Investment Manager and Distributor. Issued in Europe by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier). A copy of the Fund's prospectus, key investor information document, articles of incorporation, annual and semi-annual reports can be obtained free of cost from the Fund's registered office in Luxembourg: 2 Rue de Bitbourg, L-1273 Luxembourg, in Germany: Janus Henderson Investors, Tower 185, Friedrich-Ebert-Anlage 35-37, 60327 Frankfurt am Main, in Austria: UniCredit Bank Austria, Schottengasse 6-8, 1010 Wien, in Spain: offices of the Spanish distributors, a list of which may be obtained at www.cnmv.es (Janus Henderson Fund is registered with the CNMV under number 259. The Custodian in Spain is BNP PARIBAS SECURITIES SERVICES S.C.A.); in Belgium: Belgian Financial Service Provider CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; in Singapore: Singapore Representative: Janus Henderson Investors (Singapore) Limited, 138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; and in Switzerland from the Swiss representative: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich who are also the Swiss Paying Agent. [Janus Henderson, Janus, Henderson, Perkins, Intech, Alphagen, VelocityShares, Knowledge, Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.