

# Janus Henderson Horizon Asian Dividend Income Fund

Q3 2021

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## Fund Managers Names

Mike Kerley, Sat Duhra

## Macro backdrop

The Asia Pacific region underperformed global indices as China suffered a number of negative events and the spread of the Delta variant of Covid-19 stalled economic activity in many countries across the region. The sentiment around China dived following a regulatory clampdown in numerous sectors given the new focus on “common prosperity”. This was followed by elevated credit risks as Evergrande, a property group in China, struggled under the weight of its high leverage. All this led to weak market performance. Other events such as a power outage and falling earnings and growth expectations continued to impact China's performance.

China was the weakest market given this backdrop, along with South Korea and Hong Kong, with further volatility from rising bond yields and a more hawkish stance from the US Federal Reserve (Fed). However, India and Indonesia bucked the trend and ended up during the quarter, reflecting a much improved COVID-19 outlook with lower case numbers, raising hopes of better earnings and economic indicators. By sector, energy was the stand-out performer following a strong move in the oil price and better outlook for demand. The weakness in commodities during the quarter impacted the materials sector which, along with health care and communication services, were the weakest performers over the period.

## Fund performance and activity

The fund fell 7.1% over the quarter while the MSCI Asia Pacific ex Japan High Yield Index benchmark fell 4.6% in US dollar terms, while the Asia Pacific ex Japan Equity Income peer group fell 5.3%.

We reduced the fund's China weighting with the disposal of two Chinese banks in light of the increased regulatory and financial risks, and sold Taiwanese notebook manufacturer Asustek to fund the purchase of ASE, a testing and packaging technology company. We also added Singapore Telecommunications at what we saw as an attractive valuation, along with China National Building Material, a cement and building materials company in China, which also offered a high yield.

## Outlook/strategy

We are positive on Asia Pacific markets in the medium to long term, especially on a relative basis against other regions, as we believe it is best positioned to ride out the volatility caused by the coronavirus. In the short term we expect volatility to continue as markets digest the duration of the virus and its impact on economic growth and stability. Corporate earnings are likely to remain resilient in the short to medium term in our view, although we are more confident on the outlook for dividends considering the excess cash being generated and the low level of dividends paid out compared to earnings. We remain focused on domestically orientated companies with strong cash flow and sustainable and growing dividends.

Source: Janus Henderson Investors, as at 30 September 2021

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## Fund information

Index	MSCI All Countries Asia Pacific Ex Japan High Dividend Yield Index
Morningstar sector	Europe OE Asia-Pacific ex-Japan Equity
Objective	The Fund aims to provide an income in excess of the income generated by the MSCI AC Asia Pacific ex Japan High Dividend Yield Index with the potential for capital growth over the long term (5 years or more).

## Performance in (USD)

Performance %	A2 (Net)	Index	Sector	Quartile ranking
1 month	-2.4	-3.2	-3.1	2nd
YTD	-2.3	3.5	1.6	4th
1 year	12.5	21.9	19.9	4th
3 years (annualised)	1.1	3.7	6.7	4th
5 years (annualised)	4.0	6.9	7.2	4th
10 years (annualised)	5.3	6.9	7.5	4th
Since inception 26 Oct 2006 (annualised)	5.2	6.0	6.6	-

Source: at 30 Sep 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.

Calendar year returns %	A2 (Net)	Index	Sector
2020	-1.6	1.3	11.6
2019	19.1	14.6	16.4
2018	-11.7	-11.0	-11.9
2017	28.5	37.0	28.4
2016	1.5	6.8	6.7

Source: at 30 Sep 2021. © 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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For further information on the Luxembourg-domiciled Janus Henderson fund range please contact [sales.support@janushenderson.com](mailto:sales.support@janushenderson.com) or visit our website: [www.janushenderson.com](http://www.janushenderson.com).

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**The information in this commentary does not qualify as an investment recommendation.**

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**The investments underlying this financial product (referred to as the Fund) do not take into account the EU criteria for environmentally sustainable economic activities. While the analysis of ESG factors is an integral component across the Investment Manager's investment capabilities, the Investment Manager does not maximise portfolio alignment with sustainability risks as a separate goal in its own right nor does it precisely attribute the impact of ESG factors on returns for the Fund. The Investment Manager does not consider the adverse impacts of investment decisions on sustainability factors as set out under SFDR with respect to the Fund because it is not classified under either Article 9 or Article 8 of Regulation (EU) 2019/2088.**

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