

Janus Henderson Horizon Pan European Equity Fund

Q3 2021

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Fund Manager Name

James Ross, CFA

Fund performance and activity

The third quarter has been a difficult period for performance with the fund returning -0.1% against an index return of 0.9%. We have been held back by some specific issues with our gaming exposure as performance has been relatively good elsewhere.

Our gaming exposure at the start of the quarter comprised positions in Prosus, Embracer and Stillfront. Prosus has been hit by the ongoing regulatory clampdown in China which has impacted the shares of its largest portfolio company Tencent. In addition, all three gaming companies have suffered from the perception that they were significant beneficiaries of Covid-19 restrictions and so should have a tougher year in 2021. We have taken action here and reduced our Prosus position significantly. While we still like Prosus and Tencent, the lack of clarity on Chinese regulation has forced us to reduce our exposure. We also sold out of our position in Embracer to reflect our uncertainty over near-term numbers, as well as concerns about the potential knock-on impact from Chinese regulatory tightening. We maintained a small position in Stillfront. Other weak performers in the fund included Worldline and Nexi. Worldline suffered from a slightly sluggish post-lockdown recovery in its core markets, while Nexi gave back some of its recent outperformance, partly in sympathy with the Worldline move.

Our strongest performing positions included Bawag, S4 Capital and Novo Nordisk. Bawag performed well alongside the upwards movement in interest rates, and also benefited from the increase in medium-term return on tangible equity (RoTE) ambition that was given at the Capital Markets Day (17% RoTE versus the prior 15% target). Bawag remained our largest and highest conviction financials position. S4 Capital continued to grow very strongly, led by substantial market share gains across the digital advertising industry. Novo Nordisk has benefited from very strong growth in its core therapeutic areas, with margin strength driven by its leading competitive position. Innovation over recent years has been focused on obesity and the company has recently launched a pill for the US obesity market; demand has far outstripped supply for this product and this has led investors to start to price in some significant growth in this franchise.

During the quarter, as well as selling our positions in Embracer and IAG, we initiated a new position in Safran. Safran is a civil aerospace company that specialises in engine manufacture and servicing. We liked Safran's economic model; the company manufactures engines and then provides aftermarket servicing and spare parts over the more than 20 year life of the engine. The aftermarket revenue streams have been very predictable and profitable. Safran is also at the forefront of making increasingly efficient engines, which are much more environmentally friendly. It is leading the charge in investing behind new technologies that could transform the airline industry (and in fact already is); engines that can use Sustainable Aviation Fuel (SAF) and eventually engines that can be fuelled by hydrogen. We feel that the recovery for the civil aviation sector is starting to take hold but has a lot further to run and like Safran's exposure to this. There is clearly an ESG debate to be had here, but my view is that a future without air travel seems very unlikely, so if we are going to fly then we need to focus on making it less environmentally damaging and eventually carbon neutral; the engine manufacturers are the ones spending billions on the research and development to make this happen.

Outlook/strategy

We are confident in our positioning and will continue to retain balance in our exposures by considering two types of business for investment; those where we see potential for high and sustainable returns that are undervalued by the market and those companies where we can see a material improvement in medium-term business prospects.

Source: Janus Henderson Investors, as at 30 September 2021

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Fund information

Index	FTSE World Europe Index
Morningstar sector	Europe OE Europe Large-Cap Blend Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the FTSE World Europe Index, after the deduction of charges, over any 5 year period.

Performance in (EUR)

Performance %	A2 (Net)	Index	Sector	Quartile ranking
1 month	-3.4	-3.1	-3.3	3rd
YTD	10.3	16.7	15.2	4th
1 year	23.4	29.7	26.6	4th
3 years (annualised)	9.2	8.7	7.3	1st
5 years (annualised)	7.7	8.9	7.4	2nd
10 years (annualised)	10.3	10.4	9.3	1st
Since inception 30 Nov 2001 (annualised)	6.9	5.5	4.3	-

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.

Discrete year performance %	A2 (Net)	Index	Sector
30 Sep 2020 to 30 Sep 2021	23.4	29.7	26.6
30 Sep 2019 to 30 Sep 2020	4.4	-6.9	-4.6
30 Sep 2018 to 30 Sep 2019	1.0	6.2	2.4
30 Sep 2017 to 30 Sep 2018	-0.1	2.0	0.8
30 Sep 2016 to 30 Sep 2017	11.7	17.1	14.8

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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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.janushenderson.com.

Benelux

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

France/Monaco

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

Janus Henderson Investors
Tel: +41 43 888 62 62 (Zurich office)
Tel: +41 22 810 82 89 (Geneva office)
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

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Important information

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Copies of the Fund's prospectus, Key Investor Information Document, articles of incorporation, annual and semi-annual reports are available in English and other local languages as required from www.janushenderson.com. These documents can also be obtained free of cost from the local offices of Janus Henderson Investors: 201 Bishopsgate, London, EC2M 3AE for UK, Swedish and Scandinavian investors; Via Dante 14, 20121 Milan, Italy, for Italian investors and Roemer Visscherstraat 43-45, 1054 EW Amsterdam, the Netherlands. for Dutch investors; and the Fund's: Austrian Paying Agent Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna; French Paying Agent BNP Paribas Securities Services, 3, rue d'Antin, F-75002 Paris; German Information Agent Marcard, Stein & Co, Ballindamm 36, 20095 Hamburg; Belgian Financial Service Provider CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid (Registered in Spain under CNMV 353. The Custodian in Spain is BNP PARIBAS SECURITIES SERVICES S.C.A.); Singapore: Singapore Representative Janus Henderson Investors (Singapore) Limited, 138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; or Swiss Representative BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich who are also the Swiss Paying Agent. RBC Investor Services Trust Hong Kong Limited, a subsidiary of the joint venture UK holding company RBC Investor Services Limited, 51/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, Tel: +852 2978 5656 is the Fund's Representative in Hong Kong. The summary of Investors Rights is available in English from <https://www.janushenderson.com/summary-of-investors-rights-english>. Henderson Management SA may decide to terminate the marketing arrangements of this Collective Investment Scheme in accordance with the appropriate regulation.

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