

Janus Henderson Horizon Pan European Property Equities Fund

September 2020

For promotional purposes
For professional investors only

Fund Managers Names

Guy Barnard, CFA, Nicolas Scherf

Macro backdrop

European markets saw modest declines over the month with a second wave of COVID-19 cases and subsequent restrictions in place highlighting risks to the recovery. Real estate markets also fell slightly, but with a wide degree of dispersion at a stock and sector level. Sweden was the standout country, with seemingly little impact from the pandemic on the real estate market to date. Conversely, the retail sector once again performed poorly, dented by news of Unibail-Rodamco-Westfield announcing a €3.5 billion equity raise as part of a wider €9 billion+ "RESET" plan to strengthen its balance sheet. However, equity raises over the month were not all back-footed with a number of companies raising to take advantage of future opportunities, including German residential developer Instone.

We saw healthy activity in the transaction market with numerous deals suggesting further value growth in the logistics market. Deals in the office sector also suggest limited valuation impact from pre-pandemic levels and highlight the disconnect between office share prices and the investment market. This seemed supported by news that American private equity investor KKR had taken a stake in London office landlord Great Portland and that peer Brookfield had increased its stake in British Land.

Fund performance and activity

The fund (A2 euro share class net of fees) returned -1.9% versus a return of -1.6% for the benchmark FTSE EPRA Nareit Developed Europe Capped Index.* Adjusting for fund and benchmark valuation timing differences the fund outperformed by 1.4% over the month.**

Swedish names Balder, Wihlborgs and Nyfosa, as well as Norwegian landlord Entra, were the standout performers over the month. UK office names CLS Holdings and Helical also performed well with the former buoyed by index inclusion and the latter trading well following the news that KKR had taken a stake in peer Great Portland. At a sector level an absence of retail exposure aided performance. Conversely, German residential developer Instone traded weaker as the market digested its rights issue announcement. UK student accommodation provider Unite also detracted.

We sold out of Irish office landlord Hibernia following relative outperformance versus its peers and switched into Irish Hotel owner and operator Dalata. While hotel operations are clearly challenged, we see the current share price as an attractive way to play a future recovery in a growing company with a strengthened balance sheet. Elsewhere, we topped up our positions in logistics names VGP in Belgium and VIB in Germany as well as UK student accommodation provider Unite based on share price weakness. Elsewhere, we trimmed Balder and Wihlborgs in Sweden given recent outperformance.

*Fund performance is typically valued net of fees using midday prices, while benchmark valuation is based on close of business day pricing

** Fund outperformance against the benchmark is based on the valuation of the fund gross of fees and the benchmark valuation at close of the business day.

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Outlook/strategy

While the full impact on the direct real estate market from the COVID-19 fallout will likely take time to play out, it is clear that the crisis has acted as an accelerant in the already evolving needs and uses of real estate. This is creating a clear divergence between different real estate sectors. Within the listed market the resilience of cash flows and balance sheets will be crucial in order to protect value and will likely also create winners and losers at a stock level.

We remain focused on areas of structural growth where underlying demand is offsetting the economic fallout from the crisis and where we think the longer-term drivers of demand in these sectors may even be strengthened. To date, in the parts of the market we prefer, cash flow and dividends have been resilient.

Investors in real estate must now reconcile challenging near-term news flow with the longer-term desire for income, which will be enhanced by the crisis. While it will take time for any capital value declines to come through in the direct real estate market, the listed market is already reflecting this uncertainty with shares trading at wide discounts to asset values. This, in our view, provides an opportunity for longer-term investors to access high quality real estate for well below intrinsic value.

Source: Janus Henderson Investors, as at 30 September 2020

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Fund information

Index	FTSE EPRA Nareit Developed Europe Capped Index
Morningstar sector	Europe OE Property - Indirect Europe
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the FTSE EPRA Nareit Developed Europe Capped Index, after the deduction of charges, over any 5 year period.

Performance in (EUR)

Performance %	A2 (Net)	Index	Sector	Quartile ranking
1 month	-1.9	-1.6	-2.2	3rd
YTD	-13.3	-20.8	-18.8	1st
1 year	-4.7	-13.7	-12.1	1st
3 years (annualised)	5.8	-0.4	0.7	1st
5 years (annualised)	5.1	0.4	1.6	1st
10 years (annualised)	10.4	6.9	6.8	1st
Since inception 01 Jul 1998 (annualised)	7.5	7.4	6.6	-

Source: at 30 Sep 2020. © 2020 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 2019 to 30 Sep 2020	-4.7	-13.7	-12.1
30 Sep 2018 to 30 Sep 2019	10.9	7.7	8.1
30 Sep 2017 to 30 Sep 2018	12.1	6.3	7.3
30 Sep 2016 to 30 Sep 2017	8.2	3.0	3.7
30 Sep 2015 to 30 Sep 2016	0.3	0.4	2.3

Source: at 30 Sep 2020. © 2020 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.

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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 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. [Janus Henderson, Janus, Henderson, Perkins, Intech, Alphagen, VelocityShares, Knowledge Shared, Knowledge. Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.