

Janus Henderson Horizon Pan European Smaller Companies Fund

October 2021

Marketing communication
For professional investors only

Fund Managers Names

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Macro backdrop

The market continued to grapple with the idea of slowing economic growth and rising inflation. The latest earnings season offered signs of encouragement when looking at the number of companies to beat (albeit lowered) expectations.

Fund performance and activity

Relative performance was disappointing over the month with our cyclical exposure acting as a drag alongside some disappointing single stock news. Online Travel agent On The Beach suffered broker downgrades due to the expectation that the pandemic will have a longer term impact on the travel sector. Gaming stock Stillfront continued to struggle to manage (and effectively communicate) the issues faced by new Apple privacy rules. In oil services, Fugro announced that an accident on one of its vessels in the north sea had caused the company to rent a replacement at considerable cost. Van Lanschot Kempen was weak despite there being little news of note, and it seems likely that income-focused investors sold the stock after the dividend was paid even though the capital position had remained strong.

On the positive side was German bank Aareal. The company confirmed that it was in talks with a private equity buyer to sell the company for €29 a share, which represented a 23% premium to the share price. While we felt the offer was undervalued, we think the deal is likely to go ahead.

In terms of activity, purchases included Konecranes following a weak period for the share price. The company's proposed merger with Cargotec has been drawn into question following the initiation of a review by the European Commission. While it is hard to have a strong view on the outcome there seems to be a consensus among policy setters that logistics at ports must improve - this has been highlighted by the recent delays faced by the sector, which has impacted the broader economy. We believe the combined entity could play a major role in an upgrade cycle. We also believe the management team's strategy to increase its service revenues in its industrial cranes business is sound. Elsewhere, we bought back into National Express as what we saw as an undervalued play on economic recovery - the company offers broad exposure to the bus market in the UK, Spain and the US with its school bus division. We also added u-blox, which engages in the manufacture and sale of wireless semiconductors. The company sells chips and modules for positioning and wireless connectivity used in automotive, industrial, and consumer application and fell from 'market darling' status as the delay in data network expansion has hit growth expectations. We were encouraged by the size of the order back log and high historical and current research and development (R&D) spend. Sales included Almirall (based on weak earnings momentum), Learning Technologies (a higher valuation) and Schoeller Bleckmann (due to fears around long-term capital expenditure for oil services - especially for those firms lacking a strong diversification strategy).

Outlook/strategy

While we recognise that the current supply chain issues and central bank balancing act represents greater uncertainty than normal, we find it strange to see a number of cyclical stocks trading on valuations that imply an industrial recession. This is far more bearish than our own view as we expect the reflation trade to reassert itself in 2022. The fund remains positioned accordingly.

Source: Janus Henderson Investors, as at 31 October 2021

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Fund information

Index	EMIX Smaller European Companies Index
Morningstar sector	Europe OE Europe Small-Cap Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the EMIX Smaller European Companies Index, after the deduction of charges, over any 5 year period.

Performance in (EUR)

Performance %	A2 (Net)	Index	Sector	Quartile ranking
1 month	1.2	3.3	3.2	4th
YTD	20.3	21.9	24.6	3rd
1 year	53.5	50.6	51.0	2nd
3 years (annualised)	18.1	15.5	17.3	2nd
5 years (annualised)	13.3	12.5	13.2	2nd
10 years (annualised)	14.3	13.3	14.0	2nd
Since inception 27 Aug 1993 (annualised)	7.4	10.3	10.4	-

Source: at 31 Oct 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	48.9	39.9	41.2
30 Sep 2019 to 30 Sep 2020	3.5	0.9	6.7
30 Sep 2018 to 30 Sep 2019	-4.2	-1.8	-5.8
30 Sep 2017 to 30 Sep 2018	-4.5	2.2	0.8
30 Sep 2016 to 30 Sep 2017	30.4	20.3	23.6

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.

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