

Janus Henderson Horizon Global Technology Leaders Fund

Q2 2020

For promotional purposes
For professional investors only

Fund Managers Names

Graeme Clark, Alison Porter, Richard Clode, CFA

Macro backdrop

The second quarter of 2020 saw a broad market rebound from the weakness that resulted from the outbreak of the COVID-19 pandemic.

Fund performance and activity

The fund returned 24.4% over the quarter versus a benchmark return of 26.6%.

Amazon continued to contribute positively to performance as the company emerged as a long-term beneficiary across the economy driven by the pull-forward of demand in online groceries, increased pricing power of Amazon Prime, growth in demand for cloud computing and a resilient advertising business. Chegg also contributed positively to performance as the company saw an acceleration in subscribers as schools moved their curriculum online in response to the pandemic. Marvell contributed positively driven by the strength in its cloud networking and 5G end markets while Nvidia delivered another strong set of quarterly results thanks to strength in gaming. Finally, IAC Interactive completed its spin-off of Match.com, an event which the market welcomed as it helped to crystallise value in the parent company.

While the fund fared well against the benchmark, versus its peer group it was less exposed to some of the most highly valued software and internet names such as Shopify, which benefited from the acceleration of ecommerce and payment digitisation as result of COVID-19. Alibaba also underperformed in the face of increased concerns around US-China trade tensions, while Samsung Electronics underperformed given concerns around the smartphone market.

We were active during the quarter, taking opportunities to add to some areas that have seen attractive growth acceleration and rational valuations, including health care technology, payment digitisation and next generation infrastructure.

We initiated positions in 1Life, a technology-enabled health care services company exposed to disruption in the primary care market, Avast, a consumer security software company with new product introductions and which has seen increased adoption of existing products by people working from home, and Fleetcor, a B2B payments solutions company where we re-established a position. We also added Splunk, a market-leading machine data platform emerging from a subscription transition, Lumentum, a communications equipment components manufacturer exposed to structural growth in optical and 3D sensing adoption, and Verisign, the exclusive wholesale provider of domain names with a proven defensive business profile that has benefited from pricing tailwinds. Elsewhere, we added Motorola Solutions, a provider of communication infrastructure and software to governments and enterprises, which has seen an increased share of recurring revenues and gained from the defensive nature of its business, and Keysight and Viavi, network test and measurement companies exposed to growth in 5G and bandwidth requirements. Finally, we added some cable and direct-to-consumer entertainment positions given what we saw as compelling valuations which presented during the quarter.

We exited positions in Universal Display, a seller of materials used in OLED screens, based on the expected near-term weakness in Apple and Samsung handset sales, ASML, a semiconductor capital equipment company, Sony, where our investment thesis changed following its tender offer for the remaining shares in Sony Financial Holdings, and Western Digital, which has been faced with unfavourable market dynamics in hard disk drive (HDD) and NAND end-markets.

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Outlook/strategy

Entering this year we fully expected that the strong secular growth themes that we have long championed would continue to gain traction, but before the COVID-19 outbreak we would not have predicted the accelerated pace at which this would occur in 2020. The digital transformation of our lives, across all demographics and all geographies, was mandated by the measures put in place to tackle the global pandemic, at the same time as central banks and governments unleashed levels of new liquidity and fiscal support unseen since the Global Financial Crisis.

Payment digitisation has been accelerated as coins and notes have been displaced, and as ecommerce and business transactions from business to consumer, government to consumer, and business to business all moved online. Consumer-related experiences have moved rapidly to a virtual setting with a broadening of our internet transformation theme to areas such as education, e-sports, primary health care, grocery shopping and social meetings which were in the early stages of adoption. As society has moved to work at home and away from offices, workplace automation has become increasingly necessary. All of these transitions require new devices, and the benefits of next generation infrastructure and connectivity.

As technology fund managers we are excited by the step change that has occurred in the levels of technology adoption and the digital transformation that many more industries are now undergoing. However, we are cognisant of the economic headwinds that lie ahead and the rapid acceleration in valuations in some segments of the sector. We believe it is important from here to distinguish between short-term gains and where growth rates will ultimately sustain over the longer term. We continue to see a bifurcation in valuations within the sector that is extreme by historic standards. This reflects the increasing diversity of the sector but also some short-term hype that warrants select caution.

We remain focused on finding what we think will be the long-term winners within our mega themes of internet transformation, payment digitisation, next-generation infrastructure, process automation and artificial intelligence, all at a reasonable price. We believe the fund remains well positioned to benefit from these secular trends while we expect our valuation discipline and focus on identifying underappreciated earnings power to help the fund also benefit from an improvement in economic conditions in the long term. Our investment process gravitates to high quality technology companies with strong cash flows and balance sheets while maintaining the highest standard of liquidity controls. We remain consistent in applying our unique approach of navigating the hype cycle, applying valuation discipline and identifying attractive growth/valuation combinations.

Source: Janus Henderson Investors, as at 30 June 2020

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Fund information

Index	MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index
Morningstar sector	Europe OE Sector Equity Technology
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index, after the deduction of charges, over any 5 year period.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector	Quartile ranking
1 month	5.0	6.0	6.9	3rd
YTD	8.3	8.2	11.6	3rd
1 year	22.9	23.7	25.3	3rd
3 years (annualised)	18.2	18.7	16.1	2nd
5 years (annualised)	17.4	18.1	14.9	2nd
10 years (annualised)	15.4	16.8	14.1	2nd
Since inception (annualised)	11.0	9.7	8.0	-

Source: at 30 Jun 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 Jun 2019 to 30 Jun 2020	22.9	23.7	25.3
30 Jun 2018 to 30 Jun 2019	6.3	7.2	1.9
30 Jun 2017 to 30 Jun 2018	26.4	26.1	22.4
30 Jun 2016 to 30 Jun 2017	36.3	35.5	31.9
30 Jun 2015 to 30 Jun 2016	-0.9	1.2	-2.7

Source: at 30 Jun 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.

From 1 July 2020, the fund name will change from Janus Henderson Horizon Global Technology Fund to Janus Henderson Horizon Global Technology Leaders Fund.

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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.

Janus Henderson Horizon Global Technology Leaders 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.

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The Janus Henderson Horizon Fund (the "Fund") is a Luxembourg SICAV incorporated on 30 May 1985, managed by Henderson Management S.A. Issued 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 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.