

Janus Henderson Horizon China Opportunities Fund

August 2021

For promotional purposes
For professional investors only

Fund Managers Names

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Macro backdrop

The regulatory headwinds continued in China, with more headlines and announcements on tighter scrutiny of internet companies. Aside from anti-monopoly and anti-trust, which was the focus earlier, the regulator turned its attention once again to the online gaming sector, mandating a maximum of three hours a week (only on the weekends) of gaming time for minors. The data security document paper also revealed the principal of protecting consumer information, mandating an opt-in and opt-out choice for the consumer in online advertising and the use of their personal information. Worker rights and the provision of social insurance for platform workers were again highlighted. This backdrop of regulatory headlines created a lot of unease for investors in China.

The buzzword over the month was “common prosperity”. This refers to the government's agenda of ensuring a more equal society with better social welfare and a narrower income gap between households, regions and rural and urban areas. It does not however refer to egalitarianism, but an intention to grow the pie larger for all to share in. Common prosperity will entail tax changes in property tax, the removal of previous concessions for certain businesses and distributions to charity through donations. Internet companies Tencent, Pinduoduo and Alibaba have all earmarked large sums for social responsibility programmes.

Against the regulatory actions, China's economy continues its downtrend from the second quarter. Manufacturing purchasing managers' index (PMI), and especially the service PMI, slowed - the latter likely a result of the Delta variant outbreak of Covid-19 in July and August. Fixed asset investment, retail sales and industrial production were soft over July - an outcome of demand weakness, the impact from the floods in central China and China's own Covid-19 resurgence in certain regions.

Fund performance and activity

The fund fell 3.2% compared to the MSCI Zhong Hua 10/40 Index benchmark's 0.3% gain and the IA China/ Greater China sector's -0.6% fall.

Zhongsheng Group, Alibaba and Jiangsu Hengrui underperformed and detracted over the month. Zhongsheng Group was weak, likely due to perceived risks that premium automotive sales could slow if the focus on common prosperity were to reduce large ticket consumption. Both Alibaba and Hengrui underperformed due to weak results, where margins of Alibaba's core commerce business were weak and Hengrui's earnings missed consensus with weakness in its drug sales. Bosideng International, Longi Green and Trip.com contributed positively over the month.

Over the month we reduced holdings in Hong Kong Exchange, Longfor Property and Sunny Optical, reinvesting proceeds into ENN Energy and topping up Tencent, China Merchants Bank and Shenzhen Mindray Bio-medical Electronics.

Outlook/strategy

It was a difficult month for investors in China's internet space as once again regulatory actions and announcements left many questioning the need to be involved. Volatility in the asset class has not changed and we have seen regulatory headwinds in the past, both in 2018 and the years of Xi's anti-corruption campaign. Admittedly, investors are jittery on this occasion as this round of regulations on large technology companies impacts a large part of the market, while the social goal of “common prosperity” could potentially impact many other sectors across China too. Amid these regulatory headwinds, we believe there are strong franchises to be found where business models are not damaged and where valuations have adjusted, and which have the potential to continue to do well over a one to two-year time frame, despite some adjustments to near-term earnings.

Source: Janus Henderson Investors, as at 31 August 2021

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Fund information

Index	MSCI Zhong Hua 10/40 Index
Morningstar sector	Europe OE China Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the MSCI Zhong Hua 10/40 Index by 2.5% per annum, before the deduction of charges, over any 5 year period.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector	Quartile ranking	A2 (Gross)	Target (Gross)
1 month	-3.2	0.3	-0.6	4th	-	-
YTD	-14.4	-8.7	-8.3	4th	-	-
1 year	-6.3	1.7	3.4	4th	-	-
3 years (annualised)	5.1	9.0	11.0	4th	-	-
5 years (annualised)	8.4	11.9	11.5	4th	10.5	12.5
10 years (annualised)	6.7	7.8	6.9	3rd	8.7	8.1
Since inception 25 Jan 2008 (annualised)	6.6	5.6	4.5	-	8.7	5.8

Source: at 31 Aug 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	A2 (Gross)	Target (Gross)
30 Jun 2020 to 30 Jun 2021	27.5	30.5	34.1	29.9	33.8
30 Jun 2019 to 30 Jun 2020	7.8	13.1	14.7	9.9	13.1
30 Jun 2018 to 30 Jun 2019	-8.0	-6.7	-6.0	-6.3	-6.7
30 Jun 2017 to 30 Jun 2018	17.6	21.2	16.4	19.9	21.2
30 Jun 2016 to 30 Jun 2017	34.3	32.2	28.1	36.9	32.2

Source: at 30 Jun 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.

From 1 July 2020, the fund name changed from Janus Henderson Horizon China Fund to Janus Henderson Horizon China Opportunities Fund. From 1 July 2020, the Fund's investment policy, reference benchmark and performance target changed. Past performance shown before 1 July 2020 was achieved under circumstances that no longer apply.

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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 China Opportunities 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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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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