Janus Henderson INVESTORS

HORIZON JAPAN OPPORTUNITIES FUND

At a glance

Performance*
The Fund returned 4.68%, the Index returned 7.20% and the Sector returned 5.12%.

Contributors/detractors
Recruit Holdings and OBIC Business Consultants were the main positive contributors, while Murata Manufacturing and Tokyo Ohka Kogyo were the main detractors.

Outlook
We think volatility could remain high in the short term, so we are focused on the quality of management teams and businesses to help navigate and capitalise on changes.

Portfolio management



Junichi Inoue

Investment environment

- Japanese equities rose, driven by gains in artificial intelligence (AI)-related stocks and financials. The benchmark TOPIX Index reached an all-time high in August, although performance in September was tempered by increases in bond yields (and falling prices), higher energy prices and concerns about global inflation.
- The Bank of Japan (BoJ), which adopted a more hawkish posture, delivered a 25-basis point interest rate hike in September. This raised its key short-term rate to a 31-year high of 1.25%, with market consensus expecting further monetary policy tightening.
- The annual core inflation rate (which excludes volatile fresh food prices but includes various government subsidies) picked up modestly in July before slowing to 1.7% in August. GDP continued to expand, although growth dipped to an annualised 1.4% in the second quarter from 1.8% in the first quarter.
- The yen strengthened against the US dollar over the quarter, amid a volatile backdrop.
- The second-quarter earnings season saw a broadening of profit growth beyond AI-related stocks to other sectors such as financials, alongside a more positive outlook for earnings trends in these areas. Higher interest rates and rising bond yields have lifted net interest income and investment returns for banks and insurers in Japan.

Portfolio review

After a strong run in their share prices, AI-related stocks came under some pressure in July. Key detractors were the fund's holdings related to that theme, which included Murata Manufacturing, Tokyo Ohka Kogyo and Tokyo Electron. Nevertheless, we retain conviction in the underlying fundamentals of these businesses, as we believe structural growth drivers such as the global AI-driven investment cycle could remain resilient.

Key contributors included Recruit Holdings and OBIC Business Consultants (OBC). Despite negative sentiment towards the software sector, shares in companies with strong business models and competitive strength performed well. Human resource technology business Recruit Holdings reported much better-than-expected first-quarter results while upgrading its full-year guidance (forecasts). The strong performance was driven by its premium sponsored job product, which uses AI tools to reduce time-to-hire for employers. Stronger growth in OBC's higher-margin segments helped to improve its profit margins.

Marketing communication
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*For benchmark and sector, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

During the quarter, we initiated a position in Kioxia, a manufacturer of NAND flash memory and solid-state drives, at a level we considered attractive. We believe the company has a strong competitive position in high-capacity NAND memory and could benefit from the global shortage of memory chips. We exited the position in Disco, a semiconductor equipment manufacturer, as we diversified our holdings across the broader AI supply chain.

Manager outlook

We believe inflation has become more entrenched in the Japanese economy, as reflected in the BoJ's interest rate hikes and the latest wage figures.

This new norm has shaped corporate behaviour, earnings dynamics and equity performance. While this environment has helped Japanese equity indices reach new highs, rapidly shifting geopolitical developments serve as a reminder of ongoing market volatility. Encouragingly, wage growth has been catching up with inflation, supporting real income growth and domestic demand, as part of a broader normalisation of interest rates.

We think AI remains a durable global investment theme, including in Japan. Unlike many markets where AI exposure is concentrated in a few segments, Japan offers a broad range of opportunities across the value chain, from semiconductor equipment and materials to electronic components. This breadth supports diversification and, in our view, provides potential for attractive risk-adjusted returns. We remain constructive on the semiconductor theme and continue to maintain a meaningful allocation. However, we are mindful of the sector’s cyclical nature and remain disciplined in our investment approach, seeking to ensure that enthusiasm does not override investment discipline.

Ongoing improvements in corporate governance and shareholder value remain a tailwind for Japanese equities. Revisions to the Corporate Governance Code and Companies Act this year could clarify minority shareholder protections, reinforce board leadership norms, encourage more efficient allocation of cash and strengthen disclosure regimes. We believe these reforms could improve companies’ returns on equity and support a re-rating (reassessment) of share prices, as well as further improve Japan’s position as a corporate governance leader in Asia.

Overall, we remain positive about Japan’s long-term structural outlook. We think valuations remain reasonable, corporate fundamentals are sound and earnings momentum is intact, although we continue to monitor geopolitical risks through the earnings season. We remain confident in the fund's holdings and believe disciplined stock selection can remain a key driver of long-term performance.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (31/07/85)
A2 USD (Net)	0.23	4.68	24.66	28.99	20.48	8.76	9.22	4.85
Index	1.21	7.20	22.36	25.43	21.24	9.77	9.34	6.21
Sector	1.12	5.12	22.21	26.31	20.98	8.84	9.03	6.52
A2 USD (Gross)	—	—	—	—	—	10.91	11.40	6.84
Target	—	—	—	—	—	11.97	11.53	8.33

12 month rolling	Sep 2025-Sep 2026	Sep 2024-Sep 2025	Sep 2023-Sep 2024	Sep 2022-Sep 2023	Sep 2021-Sep 2022
A2 USD (Net)	28.99	10.41	22.82	25.88	-30.89
Index	25.43	17.28	21.18	25.41	-28.71
Sector	26.31	15.77	21.11	22.67	-29.69

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/09/26. © 2026 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns.** Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. **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.** Source for target returns (where applicable) - Janus Henderson Investors.

Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at www.janushenderson.com.

Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

Performance fees may be charged before the Fund's outperformance target is reached.

Performance fees are charged separately as a way of rewarding the investment manager for superior returns or for outperforming specified targets. A Performance Fee is accrued where the NAV outperforms the relevant Hurdle NAV (subject to a High Water Mark). For further explanation of the performance fee calculation methodology please see the relevant prospectus, available at www.janushenderson.com.

Investment objective

The Fund aims to provide capital growth over the long term. Performance target: To outperform the Tokyo Stock Price Index by 2% per annum, before the deduction of charges, over any 5 year period.

For the fund's investment policy, refer to the Additional fund information on page 4.
Past performance does not predict future returns.

Fund details

Inception date	01 July 1985
Total net assets	7.69bn
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	JPY
Index	Tokyo Stock Price Index (TOPIX)
Morningstar sector	Japan Large-Cap Blend Equity
SFDR category	Article 8

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records/scenarios are detailed within the fund's specific KIID/KID; fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID, which must be reviewed before investing. Please consult your local sales representative and/or financial adviser if you have any queries. From 17 November 2014, the base currency of the fund changed from USD to JPY. The past performance is calculated in USD. From 1 April 2015, the Fund changed its name and investment policy. Past performance shown before 1 April 2015 was achieved under circumstances that no longer apply. This is a Luxembourg SICAV Fund, regulated by the Commission de Surveillance du Secteur Financier (CSSF). These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. Any securities, funds, sectors or indices mentioned within this article do not constitute or form part of any offer or solicitation to buy or sell them. The information in this commentary does not qualify as an investment recommendation. The TOPIX Index Value and the TOPIX Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "JPX") and JPX owns all rights and know how relating to TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Marks. JPX shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.

Investment policy

The Fund invests at least 80% of its assets in a concentrated portfolio of shares (equities) and equity-related securities of companies, of any size, in any industry, in Japan. The Fund may also invest in other assets including cash and money market instruments. The Investment Manager may use derivatives (complex financial instruments) to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the Tokyo Stock Price Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target and the level above which performance fees may be charged (if applicable). The Investment Manager has discretion to choose investments for the Fund with weightings different to the index or not in the index, but at times the Fund may hold investments similar to the index.

Investment strategy

The Investment Manager seeks to achieve long-term capital appreciation by investing in undervalued, cash-generative and capital-efficient businesses, which can create value for investors. The focus is on stock selection, which is a result of rigorous, fundamental research and a strict valuation discipline, and incorporates strong risk management. The Fund is a diversified portfolio of companies across a variety of sectors, which the manager believes has the potential to perform well over time.

Fund specific risks

Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result. High exposure to a particular country or geographical region carries a higher level of risk than a more broadly diversified portfolio. When a portfolio is concentrated (has a significant portion of its assets invested in a limited number of holdings), an adverse event impacting even a small number of holdings could create significant volatility or losses. Derivatives may be used with the aim of reducing risk or managing the portfolio more efficiently. However, this introduces other risks, in particular, that a derivative counterparty may not meet its contractual obligations. If the Fund holds assets in currencies other than the base currency of the Fund, or you invest in a share/unit class of a different currency to the Fund (unless hedged, i.e. seeks to mitigate exchange rate movements between the share/unit class currency and the base currency of the Fund), the value of your investment may be impacted by changes in exchange rates. When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact the value of the Fund due to differences in short-term interest rates between the currencies. Securities could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses. Losses could be incurred if a counterparty became unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider.

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Janus Henderson
INVESTORS

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