

Janus Henderson Horizon Japan Opportunities Fund

Q2 2021

For promotional purposes
For professional investors only

Fund Manager Name

Junichi Inoue

Macro backdrop

The global economy continued to recover, albeit at a slightly slower pace compared to previous quarters. Global equities made further progress, supported by reopening as Covid-19 vaccination programs progressed in many countries. Bond yields declined from their recent peaks after central banks reassured investors that they believed inflationary pressures were transitory, and that their current accommodative monetary policy stance was unlikely to change in the near term. Cyclical value stocks lost momentum while growth stocks regained traction. The Japanese market underperformed other developed markets for the second quarter in a row as the roll-out of the country's vaccination programme has been slow. There was no clear market leadership in terms of sector while US dollar strength since the beginning of this year offset positive returns in local currency terms.

Fund performance and activity

The fund fell 2.4% in US dollar terms over the quarter, underperforming the TOPIX Index which fell 0.8%.

It was a quarter that lacked any significant trends and the index moved sideways. Although the recovery of corporate earnings was stronger than expected, the reaction from the market was muted, leaving plenty of stock picking opportunities.

Fujifilm holdings, which we have owned for over four years now, advanced further as the market welcomed its growth in biotech. Toyota's share price hit a historical high during the quarter as the market finally started differentiating between original equipment manufacturers (OEMs), as the industry faces the transition to electric vehicles. Asahi Group Holdings, a global beer and soft drink producer, also advanced amid the reopening of many of its overseas markets.

On the other hand, in a reversal of performance in 2020, Daiichi Sankyo, Softbank Group and TDK detracted. In terms of trading activity, we sold the entire position in Mitsui Fudosan as our original investment case did not materialise. We also exited Daikin and bought a new position in Astellas, a pharmaceutical company, where we liked its R&D pipeline. We also bought a new position in Seven & I, a CVS chain operator, following its recent acquisitions in the US. Despite these changes, the overall shape of the fund remains unchanged with around two-thirds of the risk budget allocated to stock-specific risk with exposure to quality and growth stocks.

Outlook/strategy

Ongoing concerns about the impact of new COVID-19 variants and an unclear outlook around inflation and job recovery, especially in US, may create some volatility in the short-term. However, our longer-term outlook remains positive due to political and monetary support, low inventories throughout supply chains, and high household savings - which suggests strong consumption potential towards the end of the year. Capital expenditure towards carbon-neutral is also likely to boost spending across a wide range of businesses, which may result in a bigger and longer economic cycle than recent ones. The TOPIX Index was trading at 14x earnings-per-share, and although the market seems to have priced in a recovery to FY3/2019 earnings-per-share by next fiscal year, it does not seem to have priced in any growth beyond. This could make Japanese equities very attractive to global investors.

Our approach remains the same. We believe that our investment philosophy will work in good times as well as more difficult times as we focus on companies that we think can create shareholder value by delivering excess free cash flow return over cost of capital. During the past six months, the market was driven by big themes and factor rotation, which is unlikely to continue forever. As we enter the mid-cycle of recovery, we believe the market will once again focus on individual stocks. We have strong confidence in the stocks that we own and will continue to focus on stock picking, which we expect to be a key determinant of the fund's future performance.

Source: Janus Henderson Investors, as at 30 June 2021

Janus Henderson Horizon Japan Opportunities Fund

Fund information

Index	TOPIX
Morningstar sector	Europe OE Japan Large-Cap Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the Tokyo SE First Section Index by 2% 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	-0.5	-0.3	-0.6	3rd	-	-
YTD	-3.8	1.1	1.2	4th	-	-
1 year	21.4	23.4	25.3	4th	-	-
3 years (annualised)	8.6	6.0	6.4	1st	-	-
5 years (annualised)	11.8	9.7	10.0	1st	14.1	11.9
10 years (annualised)	7.7	7.3	7.2	1st	9.9	9.4
Since inception 31 Jul 1985 (annualised)	4.2	5.6	6.1	-	6.2	7.7

Source: at 30 Jun 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	21.4	23.4	25.3	24.5	25.8
30 Jun 2019 to 30 Jun 2020	8.6	2.6	2.8	10.9	4.6
30 Jun 2018 to 30 Jun 2019	-3.0	-6.0	-6.4	-1.2	-4.1
30 Jun 2017 to 30 Jun 2018	4.0	10.9	11.1	6.0	13.1
30 Jun 2016 to 30 Jun 2017	31.0	20.3	20.4	33.6	22.7

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.

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 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 Japan 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.

Benelux

Janus Henderson Investors
Tel: +31 20 675 0146
Fax: +31 20 675 7197
Email: info.nederlands@janushenderson.com

France/Monaco

Janus Henderson Investors
Tel: +33 1 53 05 41 30
Fax: +33 1 44 51 94 22
Email: info.europe.francophone@janushenderson.com

Germany/Austria

Janus Henderson Investors
Tel: +49 69 86 003 0
Fax: +49 69 86 003 355
Email: info.germany@janushenderson.com

Dubai

Janus Henderson Investors
Tel: +9714 401 9565
Fax: +9714 401 9564
Email: JanusHenderson-MEACA@janushenderson.com

Hong Kong

Janus Henderson Investors
Tel: +852 2905 5188
Fax: +852 2905 5138
Email: marketing.asia@janushenderson.com

Italy

Janus Henderson Investors
Tel: +39 02 72 14 731
Fax: +39 02 72 14 7350
Email: info.italy@janushenderson.com

Latin America

Janus Henderson Investors
Tel: +44 20 7818 6458
Fax: +44 20 7818 7458
Email: sales.support@janushenderson.com

Nordics

Janus Henderson Investors
United Kingdom
Tel: +44 20 7818 4397
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Singapore

Janus Henderson Investors
Tel: +65 6836 3900
Fax: +65 6221 0039
Email: marketing.asia@janushenderson.com

Spain/Portugal/Andorra

Janus Henderson Investors
Tel: +34 91 562 6172
Fax: +34 91 564 6225
Email: info.iberia@janushenderson.com

Switzerland

Janus Henderson Investors
Tel: +41 43 888 62 62 (Zurich office)
Tel: +41 22 810 82 89 (Geneva office)
Email: info.switzerland@janushenderson.com

United Kingdom

Janus Henderson Investors
Tel: +44 20 7818 1818
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Janus Henderson Horizon Japan Opportunities Fund

Important information

The investments underlying this financial product (referred to as the Fund) do not take into account the EU criteria for environmentally sustainable economic activities. While the analysis of ESG factors is an integral component across the Investment Manager's investment capabilities, the Investment Manager does not maximise portfolio alignment with sustainability risks as a separate goal in its own right nor does it precisely attribute the impact of ESG factors on returns for the Fund.

This document is intended solely for the use of professionals and is not for general public distribution. Any investment application will be made solely on the basis of the information contained in the Fund's prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the Fund's prospectus and key investor information document before investing. A copy of the Fund's prospectus and key investor information document can be obtained from Henderson Global Investors Limited in its capacity as Investment Manager and Distributor. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes. Past performance is not a guide to future performance. The performance data does not take into account the commissions and costs incurred on the issue and redemption of units. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. The securities included in this document are not registered in the Foreign Securities Registry of the Superintendencia de Valores y Seguros for public offering and, therefore, the use of this document is only for general information purposes. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. The Fund is a recognised collective investment scheme for the purpose of promotion into the United Kingdom. Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Fund and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

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

D10003