Janus Henderson INVESTORS

JANUS HENDERSON HORIZON FUND - JAPANESE SMALLER COMPANIES FUND

A2 USD ISIN LU0011890265

At a glance

Performance
The Fund returned −1.26%, the Index returned 1.40% and the Sector returned 0.64%.

Contributors/detractors
Harmonic Drive Systems and Kanto Denka Kogyo contributed to fund performance, while Menicon and Park24 detracted.

Outlook
We believe Japanese corporate governance reforms are entering the next phase. Therefore, we are focused on corporate governance improvements as a key potential value driver for the fund.

Portfolio management



Yunyoung Lee, CFA

Investment environment

- Japanese equities rose in US dollar terms in September. Sentiment shifted as investors balanced increases in bond yields, energy price rises and concerns about inflation with renewed optimism about artificial intelligence (AI) during the month.
- The Bank of Japan (BoJ) raised interest rates by 25 basis points (bps) to a 31-year high of 1.25% and indicated that further hikes may be needed.
- Economic data was generally supportive. Second-quarter GDP growth was revised up to an annualised 1.4% from an initial estimate of 1.1%, albeit down from the first quarter's 1.8% rise. Wages grew by the most in almost 30 years in July, while business sentiment in the manufacturing sector hit a five-year high in September, largely due to AI-related capital expenditure (capex).
- Meanwhile, the annual core inflation rate (which excludes volatile fresh food prices) slowed for the first time in four months to 1.7% in August, from 1.8% in July. This was mainly due to government support measures.
- The yen strengthened against the US dollar early in the month, reaching a seven-month high before giving up most of its gains, despite the BoJ's rate hike, which prompted renewed discussions about possible intervention.
- Japanese small-cap stocks underperformed their large-cap counterparts in September, which may be attributed to a softening in domestic demand.

Portfolio review

Key detractors were Menicon (contact lenses) and Park24 (car park operator). Shares in Menicon weakened due to a combination of profit-taking and its cautious full-year outlook, despite reporting robust first-quarter results that significantly exceeded market expectations in early August. The shares had advanced strongly following a number of earnings upgrades in response to the earnings release, before falling back as investors took some profits. Park24's share price fell after its subsidiary, Times Mobility, suffered a material cybersecurity breach at its car-sharing service, Times Car. The breach affected about 6.6 million customer accounts and exposed personal information, such as driving licences, phone numbers and email addresses. Concerns about reputational and litigation risks weighed on investor sentiment.

Conversely, our semiconductor-related holdings, such as Harmonic Drive Systems (HDS) (factory automation) and Kanto Denka Kogyo (chemicals), contributed to fund performance. HDS announced strong first-quarter results and robust order growth. We believe the company could

Marketing communication
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benefit from mounting expectations of growing demand for AI and humanoid robots, as well as a recovery in demand for semiconductor manufacturing equipment. In a similar vein, Kanto Denka Kogyo reported better-than-expected first-quarter earnings and raised its full-year guidance due to expectations of growing demand for semiconductor specialty gas. We also believe it could see stronger growth in its battery materials division, as battery producers pursue supply chain diversification to reduce their dependency on China.

During the month, we closed the position in DKK (base station antennas) following the recent outperformance of its share price. We felt its operational turnaround and favourable shareholder return policy were largely priced in.

Manager outlook

We believe Japanese corporate governance reforms are transitioning into the next phase. At the same time, corporates hold record levels of cash (a two-fold increase over the past 10 years), despite delivering shareholder returns on an unprecedented scale. Currently, about half of the companies listed on the TOPIX Index have a net cash balance sheet.

We expect the Tokyo Stock Exchange and Japan's Financial Services Agency to seek to address the hoarding of cash by corporations, including by encouraging them to increase investment, research and development (R&D), mergers and acquisitions (M&A), and the restructuring of less profitable businesses, to enhance capital efficiency.

Over the next few years, Japanese small- and mid-cap firms may undergo significant business transformations because of stringent corporate governance requirements and growing pressure from shareholders. Therefore, we focus on improvements in corporate governance as a key value driver for the fund. To capture potential opportunities and help manage risk, we adjust our holding sizes in line with our convictions, following our quarterly management update interviews with the companies we hold in the fund.

Performance (%)

	Cumulative				Annualised		
Returns	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**
A2 USD (Net) with sales charge	-6.20	-7.60	17.27	21.25	15.75	5.52	7.18
Index	1.40	6.53	19.36	21.53	20.30	8.62	8.03
Sector	0.64	4.74	22.43	23.99	19.35	5.88	7.87
A2 USD (Net)	-1.26	-2.74	23.44	27.64	17.75	6.60	7.73

Calendar year	**YTD at Q3 2026**	**2025**	**2024**	**2023**	**2022**	**2021**
A2 USD (Net)	23.44	30.03	-8.41	12.85	-10.97	1.71
Index	19.36	29.53	4.21	15.39	-11.78	-2.81
Sector	22.43	27.65	0.49	10.83	-18.61	-1.24

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. 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.**

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.

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Fund details

Inception date	01 August 1985
Total net assets	¥48.40bn
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	JPY
Index	Russell/Nomura Small Cap Index
Morningstar sector	Japan Small/Mid-Cap Equity

Investment objective

The Fund aims to provide capital growth over the long term. The Fund invests at least two-thirds of its assets in a concentrated portfolio of shares (equities) and equity-related securities of small capitalisation companies, in any industry, in Japan or derive a significant portion of their revenues from Japan.

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. Shares of small and mid-size companies can be more volatile than shares of larger companies, and at times it may be difficult to value or to sell shares at desired times and prices, increasing the risk of losses. High exposure to a particular country or geographical region carries a higher level of risk than a more broadly diversified portfolio. 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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Source: Janus Henderson Investors, as at 30 September 2026, unless otherwise noted.

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