

Janus Henderson Horizon Japanese Smaller Companies Fund

Q3 2021

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Fund Manager Name

Yunyoung Lee, CFA

Macro backdrop

The Japanese equity market rose over the quarter. While equities declined in July due to concerns over a delayed global economic recovery and a rise in COVID-19 Delta variant cases, they advanced in August and September due to a peak in new COVID-19 cases and the approach of two important elections (the LDP presidential election and the Lower House general election). The LDP presidential election was held on 29 September at which Fumio Kishida (former Foreign Minister and LDP policy chief) was elected president. In addition, the state of emergency was lifted in all regions as of 30 September. Japanese stocks fell in the last week of September however, as risk-off sentiment from China spilled over.

Fund performance and activity

Positive contributors included Noritake (electrical materials), Daito Trust Construction (apartments), Sapporo Holdings (beer), Sakata Inx (packaging inks) and Yonex (badminton rackets). Noritake rose thanks to an upward earnings revision, Daito Trust Construction rose due to a recovery in orders and Sakata Inx was up as its European business - which was loss-making for years - turned profitable. Sapporo and Yonex both increased due to a decline in new COVID-19 cases in Japan.

Major detractors included S Foods (meat distributor), Cookpad (internet recipes), Futaba (electrical parts), Fuji Oil (refiner) and Nippon Electric Glass (glass). S Foods and Nippon Electric Glass dropped due to profit-taking while Cookpad, Futaba and Fuji Oil all declined due to weaker-than-expected earnings results.

We added to existing positions in Asahi Intecc (health care) Gakken Holdings (nursing homes), Kyorin Holdings (pharmaceuticals), Harmonic Drive Systems (factory automation), Shinmaywa Industries (trucks) and Mandom (cosmetics) after management meetings. We initiated new positions in Hikari Tsushin (IT services), Life (supermarkets), Nexon (gaming), Oracle Japan (software), Toyo Suisan Kaisha (foods) Demae-can (food delivery) and Lifenet Insurance (insurance).

We decreased positions in Koa and Nichicon (electrical parts), Septeni Holdings (online advertising), Cookpad (internet recipes), Kura Sushi (restaurants), Neturen (auto parts), Ulvac (semiconductors), Sakata Inx (packaging inks) and Tachi-S (auto parts) after management meetings. We closed positions in Ebara (semiconductors), Konami (gaming), Descente (apparel) and Tokyo Steel Manufacturing (steel) given the current risk-rewards profiles.

Source: Janus Henderson Investors, as at 30 September 2021

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Fund information

Index	Russell/Nomura Small Cap Index
Morningstar sector	Europe OE Japan Small/Mid-Cap Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the Russell/Nomura Small Cap 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	1.6	1.5	1.6	2nd	-	-
YTD	9.1	5.4	5.1	1st	-	-
1 year	23.1	12.4	16.1	1st	-	-
3 years (annualised)	9.2	2.7	5.4	1st	-	-
5 years (annualised)	8.9	7.4	9.9	3rd	11.1	10.1
10 years (annualised)	11.7	9.3	10.6	1st	13.9	12.1
Since inception 30 Aug 1985 (annualised)	7.9	6.9	8.0	-	9.9	9.6

Source: at 30 Sep 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.

Calendar year returns %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
2020	9.1	5.0	13.6	11.2	7.6
2019	33.2	18.3	20.3	35.6	21.3
2018	-24.4	-18.1	-19.3	-23.0	-16.1
2017	25.6	35.3	41.1	28.3	38.7
2016	17.8	7.7	8.1	20.1	10.4

Source: at 30 Sep 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.

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For further information on the Luxembourg-domiciled Janus Henderson fund range please contact sales.support@janushenderson.com or visit our website: www.janushenderson.com.

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