

## Asia Equity Fund

### Market Environment

- Global equity markets rebounded strongly in the second quarter after the sell-off in March despite an increasing number of COVID-19 cases, which led to the abrupt halt of a significant amount of economic activity.
- Many of the developing markets that were hardest hit in the first quarter bounced back the strongest, including India, Indonesia and the Philippines, while the more developed markets such as Hong Kong and Singapore produced positive returns but lagged the regional benchmark.
- Sentiment toward Hong Kong also was impacted by the passing of China's new security law, although the market recovered from the initial sell-off.
- Tensions persisted between the U.S. and China, not only relating to the trade deal but also to blame for the origins of the COVID-19 virus. Overall, markets focused on the positives from the reopening of many major economies after the shutdowns.
- Equity markets continued to take comfort from the scale of the fiscal and monetary response to the crisis.

### Performance Summary

The Fund outperformed both its primary benchmark, the MSCI All Country Asia ex Japan Index<sup>SM</sup>, and its secondary benchmark, the MSCI All Country Asia Pacific ex Japan Index<sup>SM</sup>, during the quarter ended June 30, 2020. Stock selection was the main driver of relative outperformance, with contributions from China, the Philippines and Hong Kong, while Taiwan detracted. Asset allocation marginally detracted, primarily due to holding a small portion of assets in cash while markets rose. From a sector perspective, positive stock selection in both industrials and consumer staples was a key contributor to relative returns, while stock selection was negative in technology and materials.



For detailed performance information, please visit [janushenderson.com/performance](https://janushenderson.com/performance).

### Portfolio Discussion

Following the sell-off in the first quarter, we retained faith in the majority of companies within the portfolio. One of the Fund's top individual contributors on a relative basis was Meituan-Dianping, a company in the consumer discretionary sector that develops and operates a platform providing retail and online group buying services. We were gratified to see a sharp recovery in several of our companies that disproportionately had declined in the first quarter despite little company-specific news and that subsequently benefited from rebounds in their local markets. These included two companies in the industrials sector – Philippines-listed Ayala Corporation and Hong Kong-listed Techtronic Industries – both of which were among the Fund's top contributors.

Among the Fund's detractors to relative performance over the period were three Hong Kong-listed companies: Chinese life insurance company Ping An Insurance, mainland Chinese cement company Anhui Conch and Macau casino Sands China. Anhui

Conch underperformed in the second quarter after outperformance in the first quarter, when it was among the largest individual contributors to relative returns. Due to travel restrictions and social distancing, short-term growth for sales of both Ping An Insurance and Sands China likely will be lower. Ping An has invested heavily in technology and therefore is not completely dependent on face-to-face meetings.

We sold three positions within the portfolio during the quarter and used the proceeds to add to existing holdings. Two of the positions we liquidated were in the property sector, which we feel will remain under pressure for longer given its weaker economic outlook. We also exited an Indonesian bank following a partial rebound in its share price.

Top Contributors	Average Weight (%)	Relative Contribution (%)
Ayala Corp	2.39	1.11
Meituan Dianping	1.94	0.88
Techtronic Industries Co Ltd	2.07	0.60
Tencent Holdings Ltd	9.27	0.43
Bajaj Holdings & Investment Ltd	1.54	0.35

Top Detractors	Average Weight (%)	Relative Contribution (%)
Anhui Conch Cement	2.59	-0.40
Ping An Insurance Group	3.47	-0.32
Sands China Ltd	2.45	-0.26
Ping An Bank Co Ltd	1.56	-0.25
Housing Development Finance Corp Ltd	3.34	-0.25

The holdings identified in this table, in compliance with Janus Henderson policy, do not represent all of the securities purchased, held or sold during the period. To obtain a list showing every holding as a percentage of the portfolio at the end of the most recent publicly available disclosure period, contact 800.668.0434 or visit [janushenderson.com/info](http://janushenderson.com/info). Relative contribution reflects how the portfolio's holdings impacted return relative to the benchmark. Cash and securities not held in the portfolio are not shown.

## Manager Outlook

In the wake of the pandemic, the road to economic recovery potentially remains long, and some businesses likely will be structurally challenged or disrupted amid the possibility a second wave of the virus emerges. However, there are many bright spots to look out for: among them, the acceleration of digitization and technological upgrades in many industries and the further strengthening of franchises of dominant market leaders in their respective industries. The unprecedented loose monetary conditions should continue to lend support to the markets while the hefty fiscal stimulus provided by governments globally delivers a much-needed boost to businesses and consumers. Valuation of Asian equities continues to be attractive owing both to their growth prospects and also in relative terms when compared to developed-market equities. We remain optimistic about an eventual earnings recovery in the region and retain a high level of conviction in those companies we believe will be able to emerge stronger from this crisis.

## Portfolio Management



**Mervyn Koh, CFA**

For more information, please visit [janushenderson.com](http://janushenderson.com).

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INVESTORS

**Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, please call Janus Henderson at 800.668.0434 or download the file from [janushenderson.com/info](http://janushenderson.com/info). Read it carefully before you invest or send money.**

**Past performance is no guarantee of future results. Call 800.668.0434 or visit [janushenderson.com/performance](http://janushenderson.com/performance) for current month-end performance.**

Discussion is based on the performance of Class I Shares.

As of 6/30/20 the top ten portfolio holdings of Janus Henderson Asia Equity Fund are: Tencent Holdings Limite (10.36%), Alibaba Group Holding Ltd (8.72%), Samsung Electronics Co Ltd (7.03%), Taiwan Semiconductor Manufacturing Co Ltd (5.70%), AIA Group Limited (4.23%), Hdfc Bank Ltd (4.13%), Uni-President Enterpris (3.90%), Housing Development Fin (3.55%), Ping An Insurance Group (3.31%) and Midea Group Co Ltd (3.04%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 6/30/20 and are subject to change without notice. Janus Henderson may have a business relationship with certain entities discussed. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

For equity portfolios, relative contribution compares the performance of a security in the portfolio to the benchmark's total return, factoring in the difference in weight of that

security in the benchmark. Returns are calculated using daily returns and previous day ending weights rolled up by ticker, gross of advisory fees, may exclude certain derivatives and will differ from actual performance.

**Investing involves risk, including the possible loss of principal and fluctuation of value.**

**Foreign securities are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in emerging markets.**

**Concentrated investments in a single sector, industry or region will be more susceptible to factors affecting that group and may be more volatile than less concentrated investments or the market as a whole.**

**MSCI All Country Asia ex Japan Index<sup>SM</sup>** reflects the equity market performance of Asia, excluding Japan.

**MSCI All Country Asia Pacific ex Japan Index<sup>SM</sup>** reflects the performance of large and mid-cap companies in developed and emerging markets in the Asia Pacific region, excluding Japan.

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

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