3Q21 Global & International Equity

FUND COMMENTARY

Janus Henderson INVESTORS

Asia Equity Fund

Market Environment

- Global equity markets corrected in the third quarter from a combination of profit-taking and signs of slowing growth after the initial COVID-related recovery. The threat of structurally higher inflation lingered while the COVID Delta variant led to less robust economic recoveries, particularly in Asia.
- Regulatory action in China also impacted market sentiment in Asia, with several of the higher-growth sectors such as education, Internet and e-commerce and most recently Macau gaming all impacted by policy changes. The Chinese property sector also grabbed headlines with multiple debt defaults including Evergrande, one of the largest Chinese property developers. The China market underperformed as a result.
- India was the strongest performer as the economy continued to rebound, with the country posting strong Purchasing Managers' Index (PMI) numbers in August while investor flows appeared to benefit from the issues in China.
- By sector, consumer discretionary, communication services, health care and real estate all posted double-digit declines, while returns for energy, utilities and materials all were positive, suggesting that in Asia as with other regions during the period, value shares outperformed growth sectors. Commodity prices remained elevated and several supply constraints continued to exist, worsened by Delta variant outbreaks.

Performance Summary

For the quarter ended September 30, 2021, the Fund had a negative return and underperformed both its primary benchmark, the MSCI All Country Asia ex Japan Index^{SM}, and its secondary benchmark, the MSCI All Country Asia Pacific ex Japan Index^{SM}. Stock selection detracted from relative performance, while country allocation contributed.

For detailed performance information, please visit janushenderson.com/performance.

Portfolio Discussion

By country, our underweight to China was positive over the quarter, given its relative market weakness following the regulatory issues in addition to concerns about the slowing rate of economic growth and financial leverage in the property sector. Our longstanding overweight positions in both India and Taiwan also were beneficial, as these markets outperformed. Stock selection in China, however, was negative, due to our exposure to some of the sectors most impacted by regulatory changes. In particular, New Oriental, a provider of private educational services and platforms, underperformed following the Chinese government's decision to limit profitability and severely restrict the number of hours that after-school tutoring can be offered to students. Ping An Insurance also detracted on concerns about its exposure to the property sector, while its agency reform process also took longer than expected, resulting in weaker new business sales. Integrated resorts and casinos developer Sands China underperformed due to news of the government's decision to launch a public consultation into the future of Macau, with the possibility of tightening criteria to pay dividends and ensuring that a higher proportion of future revenue comes from non-gaming activities. We maintained our position in Ping An Insurance but exited our positions in Sands China and New Oriental.

Positive contributions came from several of our India positions, with Bajaj Holdings in particular benefiting from the recovery of the Indian economy and strong operating momentum in the financial sector as loan growth returned to near pre-COVID levels. It was a similar story in Indonesia, with Bank Central Asia outperforming as the Indonesian economy recovered from the impact of the virus and as the company delivered strong profit growth over the first half of 2021. Finally, e-commerce and gaming company SEA Limited also outperformed, thanks to good operating momentum, particularly in Latin America. Shares likely also benefited from some rotation away from these sectors in China.

We reduced our exposure to China during the quarter and maintained a cautious view that we expect to continue to hold for the near term. While valuations of the largest Chinese Internet and e-commerce companies appear attractive compared to their previous levels, it perhaps also is reasonable to surmise that future growth prospects could be more constrained and that valuations likely will reflect the increased regulatory risks in addition to the impact on profitability of the government's common prosperity goals. We believe there remain attractive opportunities in China, and the local A-share market in particular could offer investors exposure to sectors more aligned with the government's economic goals.

Top Contributors	Average Weight (%)	Relative Contribution (%)
Bajaj Holdings and Investment Ltd	2.28	0.85
Housing Development Finance Corporation Ltd	4.29	0.60
HDFC Bank Ltd	4.11	0.60
SEA Ltd	2.52	0.53
Bank Central Asia	1.92	0.38

Top Detractors	Average Weight (%)	Relative Contribution (%)
New Oriental Education & Technology Group Inc	0.65	-1.04
Sands China Ltd	1.64	-0.89
LG Household & Health Care Ltd	2.49	-0.48
Ping An Insurance	2.13	-0.29
Budweiser Brewing Company APAC Ltd	1.08	-0.24

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. 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

We maintain the view that the current inflationary pressures are likely to be transitory, as supply struggles to keep up with the demand recovery and the COVID Delta variant has created further bottlenecks in supply chains. We already are seeing signs of slowing growth, which should ease some of the demand pressures. Hence, we are not inclined to rotate meaningfully toward cyclicality and away from our preference for structural growth. Valuations in Asia remain attractive compared to those in the U.S. equity market, and while earnings growth may be more subdued next year, we remain optimistic that we could see a reversal in the structural underperformance of Asia and emerging market equities over the past decade. Economic growth rates could potentially normalize but remain attractive in Asia while demographics and consumption remain supportive to Asian equities.

Portfolio Management

Mervyn Koh, CFA

For more information, please visit janushenderson.com.

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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. 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 for current month-end performance.

Discussion is based on the performance of Class I Shares.

As of 9/30/21 the top ten portfolio holdings of Janus Henderson Asia Equity Fund are: Samsung Electronics Co Ltd (9.47%), Taiwan Semiconductor Manufacturing Co Ltd (8.67%), Tencent Holdings Ltd (6.10%), AIA Group Ltd (5.22%), Housing Development Finance Corporation Ltd (4.80%), HDFC Bank Ltd (4.68%), Alibaba Group Holding Ltd (4.16%), Tata Consultancy Services Ltd (2.92%), Bajaj Holdings and Investment Ltd (2.83%) and SEA Ltd (ADR) (2.81%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 9/30/21, are subject to change and may not reflect the views of others in the organization. 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 IndexSM reflects the equity market performance of Asia, excluding Japan.

MSCI All Country Asia Pacific ex Japan IndexSM 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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