

Emerging Markets Equity Fund

ISIN AU60HGI54686

Investment objective

The Fund seeks to achieve a total return before fees that exceeds the total return of the Benchmark by 2.75% p.a. over rolling five year periods.

Investment approach

The Fund is a long only, actively managed, emerging markets equity fund. The Manager seeks consistent risk-adjusted returns by looking to identify the most attractive opportunities within countries across various stages of economic and political development. By combining fundamental company research, market and economic analysis and a keen focus on governance and quantitative input, the Fund attempts to capture price inefficiencies across the market-cap spectrum.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Fund (Gross)	0.27	-3.90	22.27	20.91	17.97	—	—	15.71
Fund (Net)	0.19	-4.13	21.69	19.77	16.86	—	—	14.62
Benchmark	2.43	-0.79	21.67	23.10	23.23	—	—	22.06
Excess returns (Gross)	-2.17	-3.11	0.60	-2.19	-5.26	—	—	-6.35
Excess returns (Net)	-2.24	-3.34	0.02	-3.33	-6.37	—	—	-7.44

Net performance figures are calculated using the exit price net of fees and assume distributions are reinvested. Past performance is not a guide to future performance.

Fund details

Inception date	09 August 2023
Total fund net assets	\$12.50m
Asset class	Equities
Domicile	Australia
Structure	Managed Investment Scheme
Base currency	AUD
Benchmark	MSCI Emerging Markets Index SM
Distribution frequency (if any)	Biannually
Risk profile	High
Suggested timeframe	5 years
Minimum investment	\$25,000
ARSN code	666 830 628
APIR code	HGI5468AU
NAV	1.4366

Benchmark: MSCI Emerging Markets Index (net dividends reinvested) in AUD

Portfolio management

Matthew Culley
Doug Turnbull, CFA

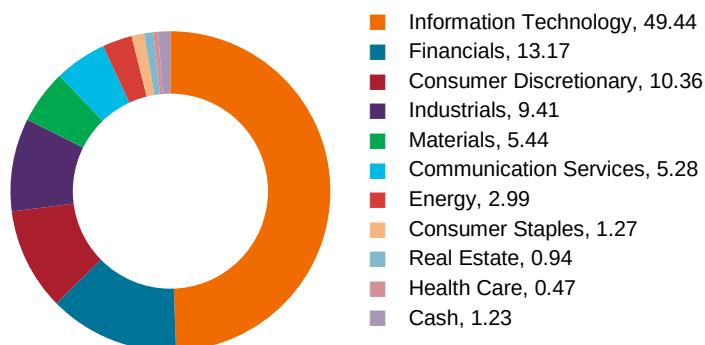
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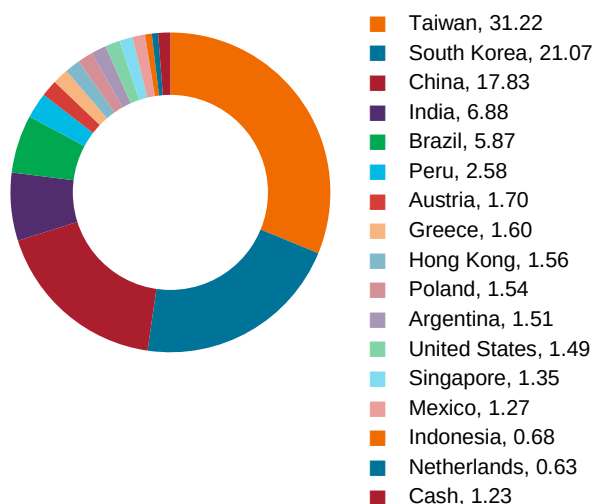
Characteristics

Number of holdings: Equity issues	53
Active share	57.24%
Weighted average market cap	749.14bn

Sector Allocation (%)



Country (%)



Market Cap (%)

	Fund	Index
>\$20 Billion	83.69	85.49
\$10-20 Billion	8.54	11.00
\$1-10 Billion	5.83	3.50
<\$1 Billion	0.70	—
Cash	1.23	—

Top 10 Holdings (%)

	Fund
Taiwan Semiconductor Manufacturing	15.92
Samsung Electronics	10.27
SK hynix	8.40
Tencent	3.61
Alibaba Group	3.22
Credicorp	2.58
Hon Hai Precision Industry	2.36
Silergy	1.93
Accton Technology	1.90
NU	1.83
Total	52.03

Currency (%)

	Fund	Index
New Taiwan dollar	31.30	28.94
South Korean won	20.14	21.40
US dollar	16.07	1.51
Hong Kong dollar	15.25	15.75
Indian rupee	6.88	10.65
Euro	3.92	0.62
Chinese yuan - offshore	3.14	3.44
Polish zloty	1.54	1.17
Australian dollar	1.04	—
Indonesian rupiah	0.68	0.43
Chinese yuan	0.03	—

Codes

ISIN	AU60HG154686
SEDOL	BNC36H6

Fees & Charges (% p.a.)

Management fee	0.95
Buy/sell spread (%)	0.15/0.15

For more information and most up to date buy/sell spread information, visit www.janushenderson.com/en-au/adviser/buy-sell-spreads

EMERGING MARKETS EQUITY FUND

At a glance

Performance

The Fund returned 0.19% (net) and 0.27% (gross). The Fund underperformed the Benchmark by 2.17% (gross) in September, which returned 2.43% on the month.

Contributors/detractors

Our position in Contemporary Amperex Technology (CATL) detracted from relative performance, while a position in SK Hynix contributed.

Outlook

We continue to find compelling long-term investment opportunities in emerging market equities, supported by powerful secular growth trends.

Investment environment

- Emerging market equities were volatile as geopolitical tensions pushed oil prices higher, leading to increased inflation, higher interest rates, and tighter central bank policies.
- Indian equities fell as high energy prices increased investor anxiety about the economic outlook. Chinese equities underperformed amid concerns about mixed economic data and possible U.S. sanctions against some Chinese technology companies.
- Equity markets in Taiwan and South Korea outperformed with positive returns due to renewed strength in technology stocks.

Portfolio review

Contemporary Amperex Technology (CATL) was a relative detractor. CATL is China's leading supplier of electric vehicle batteries, but slower-than-expected vehicle sales in China have led to some near-term earnings uncertainty. However, we believe CATL remains well positioned in the electric vehicle battery market. We have also seen potential around its growing leadership in energy storage solutions (ESS), which improve the efficiency and reliability of renewable energy for the power grid. CATL has signed several large ESS deals, and it has been a beneficiary of increased focus on energy storage capabilities.

Taiwan-based Accton Technology was a relative detractor as the shares gave back some of its very strong performance from earlier in the year. Accton Technology is a supplier of "white box" (or unbranded) networking equipment, which provides a cost-effective alternative to branded equipment. The company has experienced surging demand for its high-speed 400G and 800G network switches to support the deployment of AI, which has fuelled very strong revenue growth. We remain constructive on the outlook for AI-related capital spending, and we believe Accton could be poised to capitalize on this spending because of its robust customer relationships and increased operational efficiencies.

Relative performance benefited from our position in South Korea's SK Hynix, a producer of high bandwidth memory (HBM) and dynamic random-access memory (DRAM) chips used in AI servers. As demand for AI-related compute has continued to grow, the supply of memory chips has been constrained. As a result, the company is seeing soaring prices for HBM and DRAM chips, resulting in rapid revenue growth and significant margin expansion. While the stock pulled back earlier in the third quarter on caution over the sustainability of the AI spending boom, shares rebounded in September as investors refocused on the company's strong fundamentals and market positioning.

Allegro.eu was another relative contributor. Allegro.eu owns a leading online shopping platform in Poland and ecommerce websites in Europe. We continue to observe strong fundamentals for the company, supported by resilient sales growth, increased logistics investments and improved economic trends in Eastern Europe.

Manager outlook

As we look ahead, we remain very constructive on the long-term outlook for the AI investment cycle, as tight supply chains across parts of Asia continue to support pricing power for companies operating at critical points in the AI ecosystem. At the same time, we recognize that we may experience periods of volatility and market consolidation as the AI story continues to evolve. At this stage of the investment cycle, we believe the duration of spending is more important than its magnitude. Spending levels are already exceptionally high, and investor concerns increasingly center on sustainability rather than scale. While these concerns pressured AI-related shares in the third quarter, we believe some moderation may support a more sustained investment cycle while giving companies time to address potential constraints related to financing, infrastructure, power availability, labor, and policy uncertainty. Given our conviction around the importance of this investment theme, we remain fully invested in opportunities tied to AI-related capital spending, which we believe could be a key driver of emerging market growth going forward.

The remainder of the portfolio is more thematically diverse, reflecting areas where we have identified underappreciated and mispriced growth opportunities. Recently, many of our most compelling ideas have come from China, where select industries continue to benefit from strong structural growth despite a challenging economic backdrop. However, these holdings have also faced pressure from higher oil prices, rising bond yields, and growing concerns about a stagflationary environment.

As a result of these crosscurrents, neither major component of the portfolio performed as we would have in the third quarter, resulting in disappointing short-term performance. We recognize that greater exposure to more defensive sectors such as energy and financials may have proved beneficial in the recent environment. However, while such investments may outperform at times, we do not believe they represent the most effective way to capture the long-term winners that have historically driven emerging market returns.

Consequently, we continue to focus on companies we believe are best positioned for long-term outperformance, including those benefiting from secular trends such as AI and increased electrification. We remain committed to regularly revisiting our investment theses, updating our models, and challenging our assumptions to ensure that every position remains justified. This disciplined approach has helped us stay invested in successful holdings when fundamentals remain supportive, rather than exiting positions simply because share prices have risen or because stocks experience short-term volatility. Through this disciplined, patient, and fundamentals-driven approach, we believe we can seek to provide investor with exceptional long-term performance.