

Janus Henderson Horizon China Opportunities Fund

February 2021

For promotional purpose

Fund manager

May Ling Wee, CFA, Lin Shi

Macro backdrop

The National Party Congress (NPC), where the government's work report is approved, began in the first week of March. The GDP growth target for 2021 was set at above 6% - seemingly a low target given 2020's COVID-19 impacted economy - while the longer-term target is to double GDP by 2035. Fiscal spending is set to decelerate with the broad budget deficit at 6.5% of GDP, with a target to stabilise debt to GDP after 2020's rise.

Both NBS and Caixin manufacturing purchasing managers' indices (PMIs) were weaker in February, but this was likely due to the timing of the Chinese New Year holiday rather than weakness in the economy. Combined two-month trade data suggests strong external and domestic demand with January and February's combined exports and imports growing by close to 61% and 22% year-on-year, and approximately 18% and 12% sequentially from the November and December last year.

While macroeconomic data remained strong, the domestic capital markets had a soggy start after the Chinese New Year holiday. Firstly, rising domestic interbank rates in January caused some concern. However, this was soon put to rest and concerns among domestic investors then turned to US inflation, interest rates, the US dollar - and the possibility of subsequent outflows from emerging markets. Concerns about mutual fund redemptions also started to surface as well-owned stocks by mutual funds sold off more than the market over the past month.

Fund performance and activity

The fund fell 1.7% compared to the MSCI Zhong Hua 10-40 Index benchmark's 0.3% gain.

Detractors from relative fund performance over the month included lack of exposure to Baidu, which performed well, and the fund's holdings in Shanghai International Airport, Geely and Zijin Mining. Shanghai Airport performed poorly as its minimum guarantee agreement with its key anchor tenant, China Tourism Duty Free, was revised to the detriment of the airport. This resulted in a large downward revision in rental earnings and therefore profits of the airport group.

Casino operator Galaxy Entertainment, container shipper SITC International, and upstream exploration and production operator CNOOC performed well over the month. Having no exposure to NEV OEMs Nio and BYD also contributed as new energy vehicle stocks sold off.

Outlook/strategy

The reversal of market sentiment after the Chinese New Year holiday and into early March is another reminder that Chinese equities remain volatile as an asset class. Despite strong macroeconomic data, suggestions of no significant tapering from the government's work report at the NPC meeting; US inflation, interest rates and the US dollar now dominate investor concerns in the domestic market. Given strong mutual fund growth since the second half of 2020, mutual fund redemptions are now a concern both to investors as well as the regulators. Well-owned stocks of mutual funds have sold off more than the market in recent weeks.

Rising US yields along with a stronger global economy and domestic Chinese economy in theory ought to challenge valuations of some hyper growth companies. We prefer growth at a reasonable price. Strong franchises which have been impacted by COVID-19 but which we expect to do better as economies eventually recover from shutdowns and restart, are also an area of focus for us. We are now headed into earnings season which will provide more sign posts as to how corporate China is faring in its recovery a year after the start of COVID.

Source: Janus Henderson Investors, as at 28 February 2021

Janus Henderson Horizon China Opportunities Fund

Fund information

Index

MSCI Zhong Hua 10/40 Index

Objective

The Fund aims to provide capital growth over the long term.

Performance in (USD)

Annualised performance %	A2	A2 (with sales charge)^	Benchmark
1 month	-1.7	-6.6	0.3
3 months	8.7	3.2	10.6
1 year	42.4	35.3	44.1
3 years (p.a)	6.6	4.8	9.6
5 years (p.a)	18.4	17.2	20.4
Since inception (p.a)	8.5	8.1	7.0

Source: at 28 Feb 2021. © 2021 Morningstar. All rights reserved, performance is net of fees, with gross income reinvested. Performance figures of less than 1 year are not annualized. 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.

^Performance with sales charge assume 5.00% initial sales charge/front-end load (FEL) applied.

Effective 1 July 2020, the fund name has been changed from Janus Henderson Horizon China Fund to Janus Henderson Horizon China Opportunities Fund, the benchmark of the fund has been changed from MSCI China Index to MSCI Zhong Hua 10/40 Index and the Fund's investment policy has been changed. Past performance shown before 1 July 2020 was achieved under circumstances that no longer apply.

Past performance is not a guide to future performance.

Note: Reference to any specific company or stock is for information purposes only and should not be construed as a recommendation to buy or sell the same.

Janus Henderson Horizon China Opportunities Fund

For further information on the Janus Henderson fund range please contact your local sales office or visit our website: www.janushenderson.com/sg

Singapore

Janus Henderson Investors

Tel: +65 6813 1000

Fax: +65 6221 0039

Website: www.janushenderson.com/sg

Important information

The views presented are as of the date published. They are for information purposes only and should not be used or construed as investment, legal or tax advice or as an offer to sell, a solicitation of an offer to buy, or a recommendation to buy, sell or hold any security, investment strategy or market sector. Nothing in this material shall be deemed to be a direct or indirect provision of investment management services specific to any client requirements. No forecasts can be guaranteed and there is no guarantee that the information supplied is complete or timely, nor are there any warranties with regard to the results obtained from its use. Janus Henderson is the source of data unless otherwise indicated, and has reasonable belief to rely on information and data sources from third parties. **Past performance is no guarantee of future results. Investing involves risk, including the possible loss of principal and fluctuation of value.**

Not all products or services are available in all jurisdictions. This material or information contained in it may be restricted by law, may not be reproduced or referred to without express written permission or used in any jurisdiction or circumstance in which its use would be unlawful. Janus Henderson is not responsible for any unlawful distribution of this material to any third parties, in whole or in part. The contents of this material have not been approved or endorsed by any regulatory agency.

Note to Singapore Readers: Issued in Singapore by Janus Henderson Investors (Singapore) Limited (Co. registration no. 199700782N) licensed and regulated by the Monetary Authority of Singapore. This advertisement has not been reviewed by the Monetary Authority of Singapore.

The value of an investment and the income from it can fall as well as rise and investors may not get back the amount originally invested. There is no assurance stated objective(s) will be met. There is no assurance that the investment process discussed includes an effort to monitor and manage risk which should not be confused with and does not imply low risk or the ability to control certain risk factors. Various account minimums or other eligibility qualifications apply depending on the investment strategy, vehicle of investor jurisdiction.

Investors are advised to consult your intermediary who will give you advice on the product suitability and help you determine how your investment would be consistent with your own investment objectives. The investment decisions are yours and an investment in the Fund may not be suitable for everyone. If in doubt, please contact your intermediary for clarification.

The Singapore Representative of the Janus Henderson Horizon Funds plc is Janus Henderson Investors (Singapore) Limited and is distributed by authorised distributors. The Prospectus and Product Highlights Sheet of the Fund is available and may be obtained from the Singapore Representative's office and the authorised distributors' offices. Investors should read the prospectus and Product Highlights Sheet before deciding whether to invest in the units of the Fund.

Janus Henderson Horizon Fund is an open ended investment company incorporated in Luxembourg as a société d'investissement à capital variable ("SICAV") on 30 May 1985. Investors are warned that they should only make their investments based on the most recent Prospectus which contains information about fees, expenses and risks, which is available from all distributors and paying agents, it should be read carefully. An investment in the fund may not be suitable for all investors and is not available to all investors in all jurisdictions; it is not available to US persons. The rate of return may vary and the principal value of an investment will fluctuate due to market and foreign exchange movements. Shares, if redeemed, may be worth more or less than their original cost.

Janus Henderson is trademark of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

Date of issue: March 2021