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Asia – beyond the trade war

January 2020

Andrew Gillan

Head of Asia ex Japan Equities

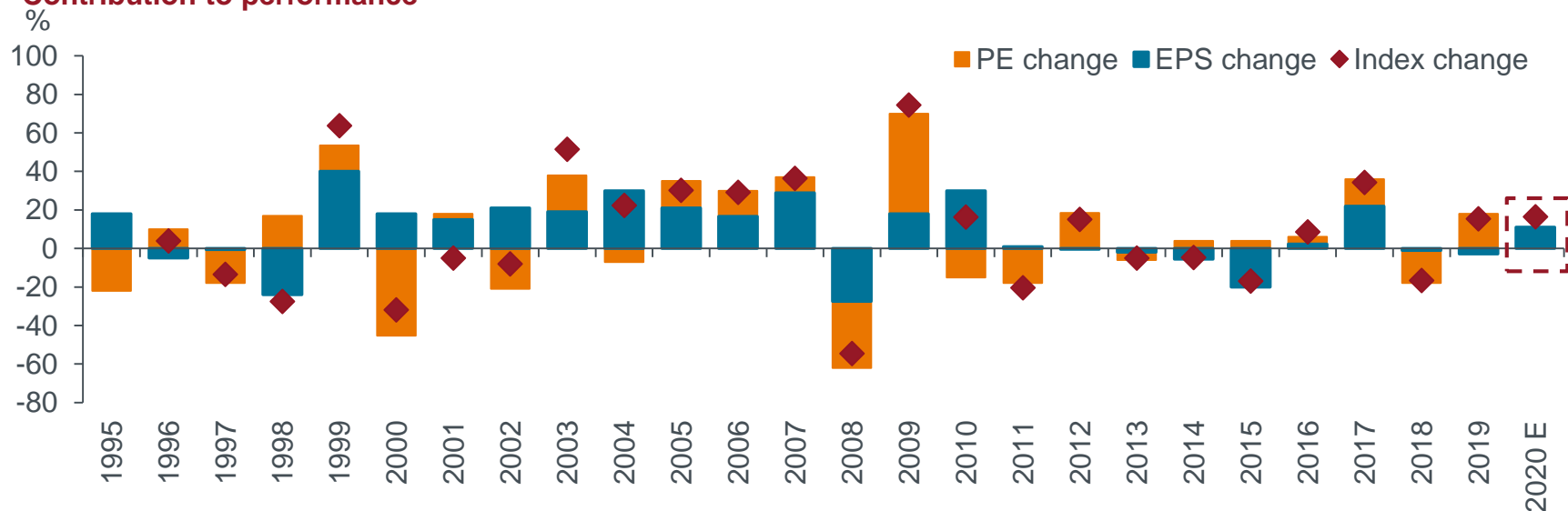


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Annual MSCI EM index returns decomposition

2019 has been about multiple expansion, in 2020 we look for an earnings recovery

Contribution to performance

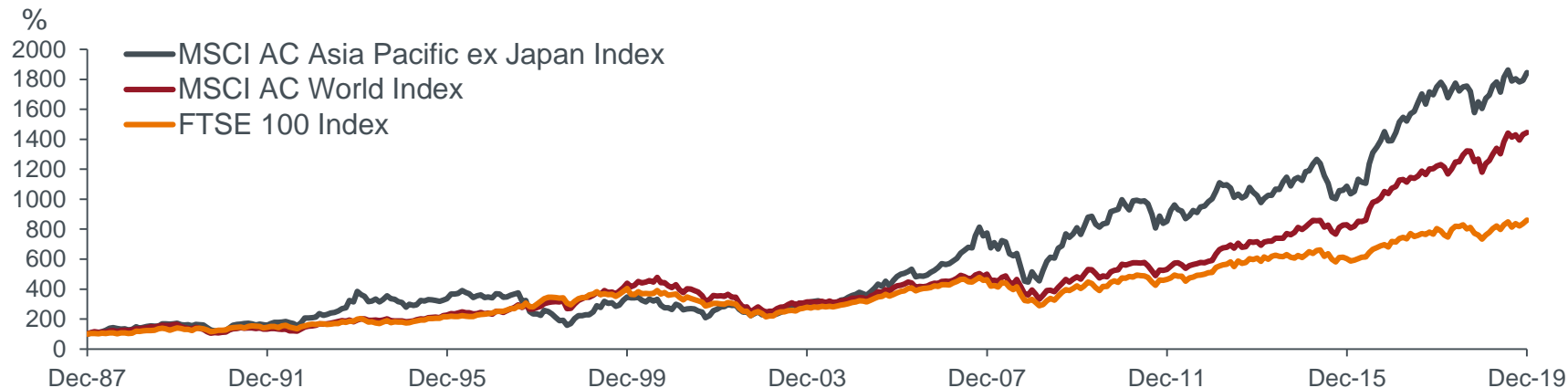


Source: RIMES, Morgan Stanley Research, as at 31 October 2019. 2020e refers to Morgan Stanley estimate, annual change comparing to 31 October 2019

Note: Past performance is not a guide to future performance

Asia's long-term performance

Cumulative index performance – Gross returns (GBP)



Annualised gross returns (% GBP) (31 December 2019)

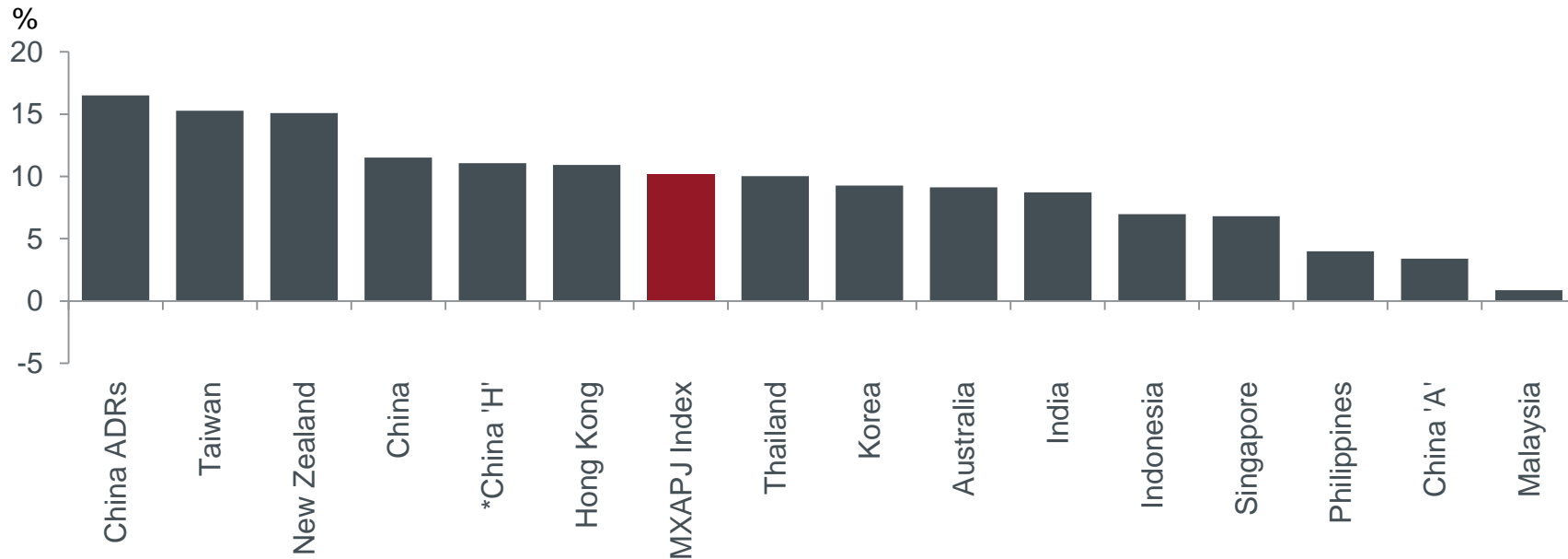
	1 year	3 year	5 year	10 year	20 year	Since Dec 31, 1987
MSCI AC Asia Pacific ex Japan	15.0	9.9	10.4	8.6	8.7	9.5
MSCI AC World Index	22.3	10.4	12.6	11.6	6.1	8.7
FTSE 100 Index	17.2	6.2	7.1	7.4	3.8	7.0

Source: Bloomberg, as of 31 December 2019

Note: Returns reported

Annualised returns by country in MSCI APXJ Index

5 year performance by country in GBP



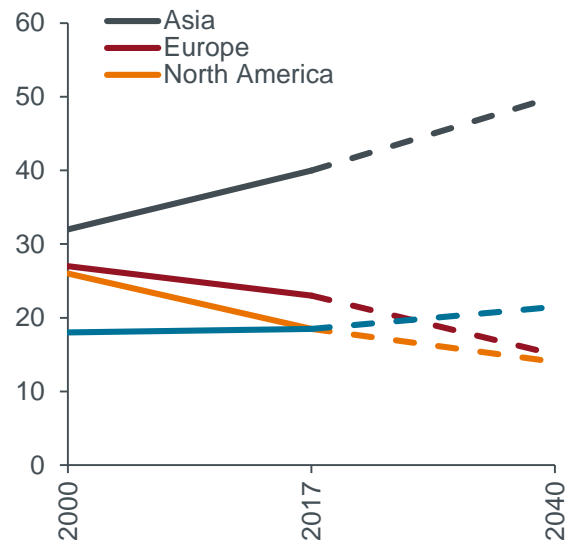
Source: Bloomberg, Factset, as at 31 December 2019

Note: *China 'H' include P Shares and Red Chip. Past performance is not a guide to future performance

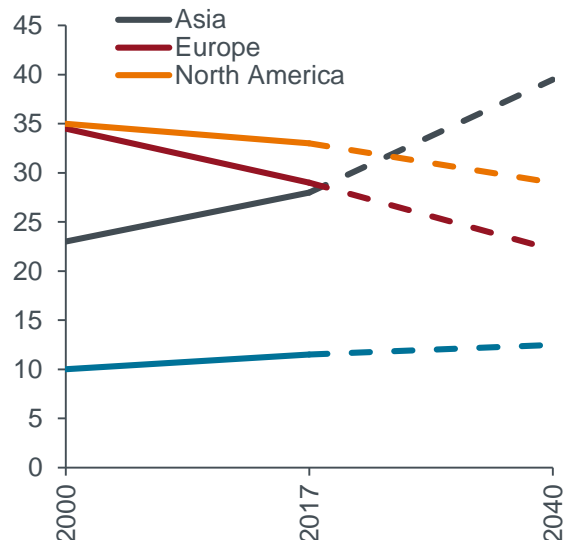
Asia's upward trajectory is apparent in multiple indicators

Regional share of key indicators

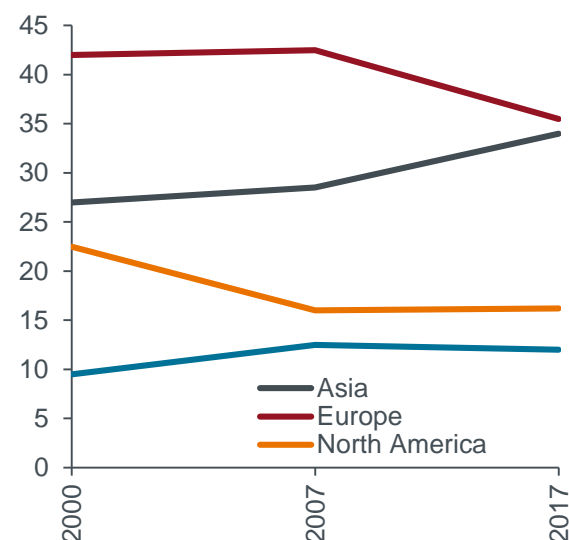
Economic: GDP PPP



Consumer: Consumption value



Trade: Annual trade value



Source: World Bank, McKinsey Global Institute analysis

Note: Projections are indexed to 2010 USD. PPP = purchasing power parity

North America and Western Europe not included as their literacy rates are close to 100%.

North American data is from 2010, 2013, and 2016 as data is not available for other years.

Asia accounts for half of the world's total internet users

Importance of Digital Consumer

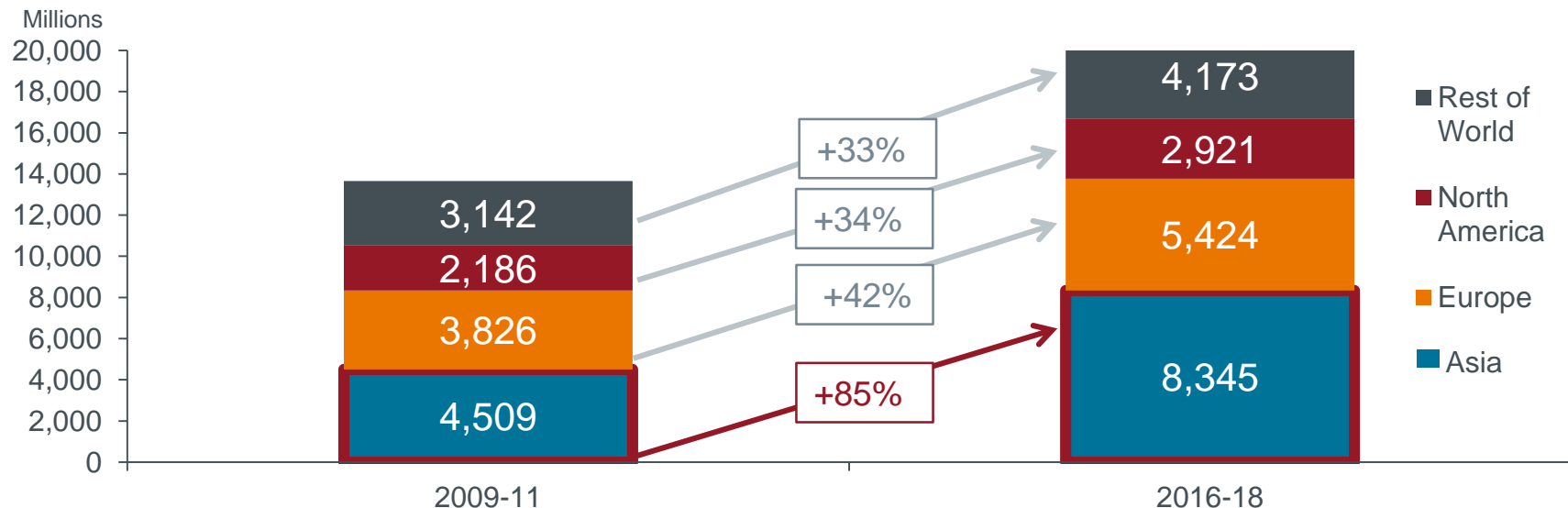
- China's mobile payment penetration
 - 68% now versus 25% in 2013
- China's mobile payments
 - US\$3 trillion p.a
- India's internet subscribers
 - 560m, double since 2014
- India's mobile usage
 - 152% p.a growth (but Telcos struggling!)



Asians are increasingly on the move

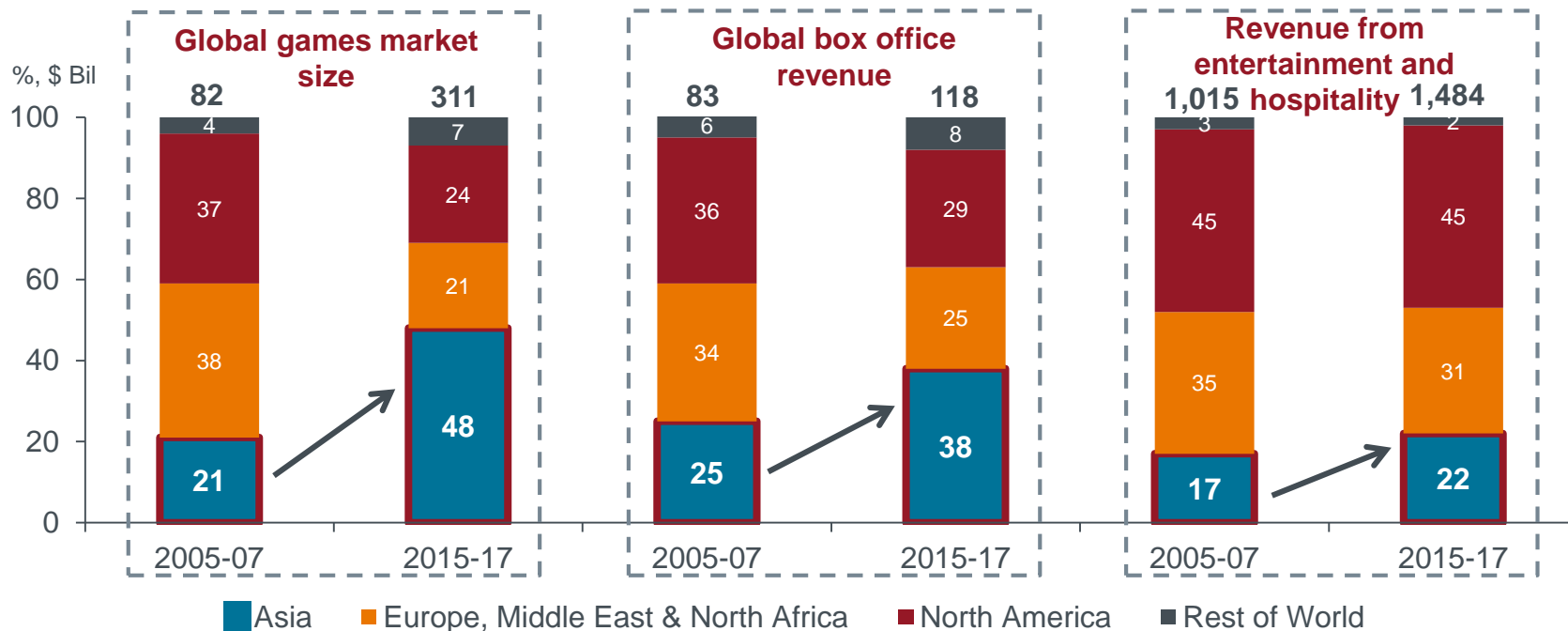
Economic growth and rising incomes across the region are fuelling unparalleled growth

No. of Airline travellers (inflows and outflows)



Source: McKinsey Global Institute analysis, as at 31 December 2018

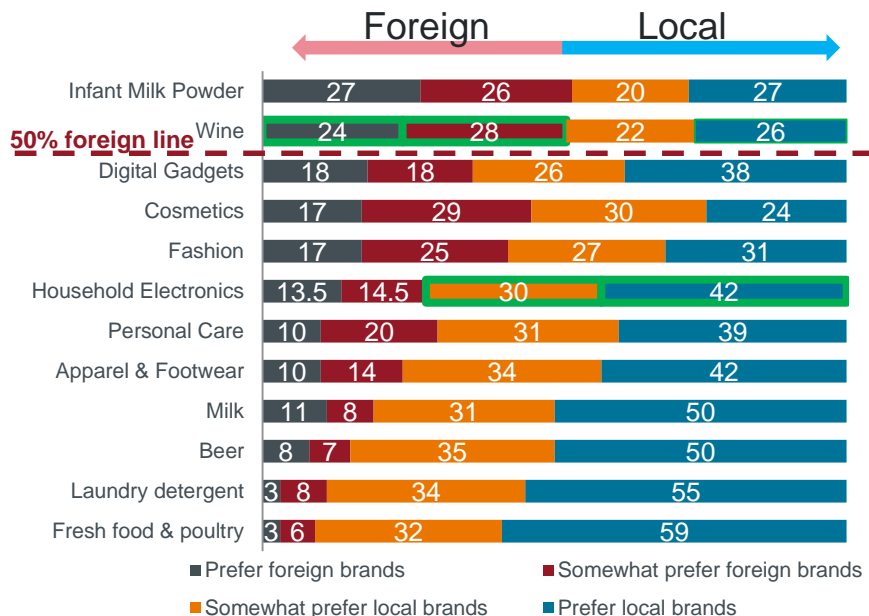
Growing entertainment & leisure markets



Source: McKinsey Global Institute analysis, as at 31 December 2017

Asia's consumer: Nimble expertise in stock selection

Consumers are taking a more nuanced view of brands



Our holdings:



- Owns three of the five best selling Australian wine brands in China: Penfolds, Rawsons & Wolf Blass

- Asia Revenue 37% 3Y CAGR

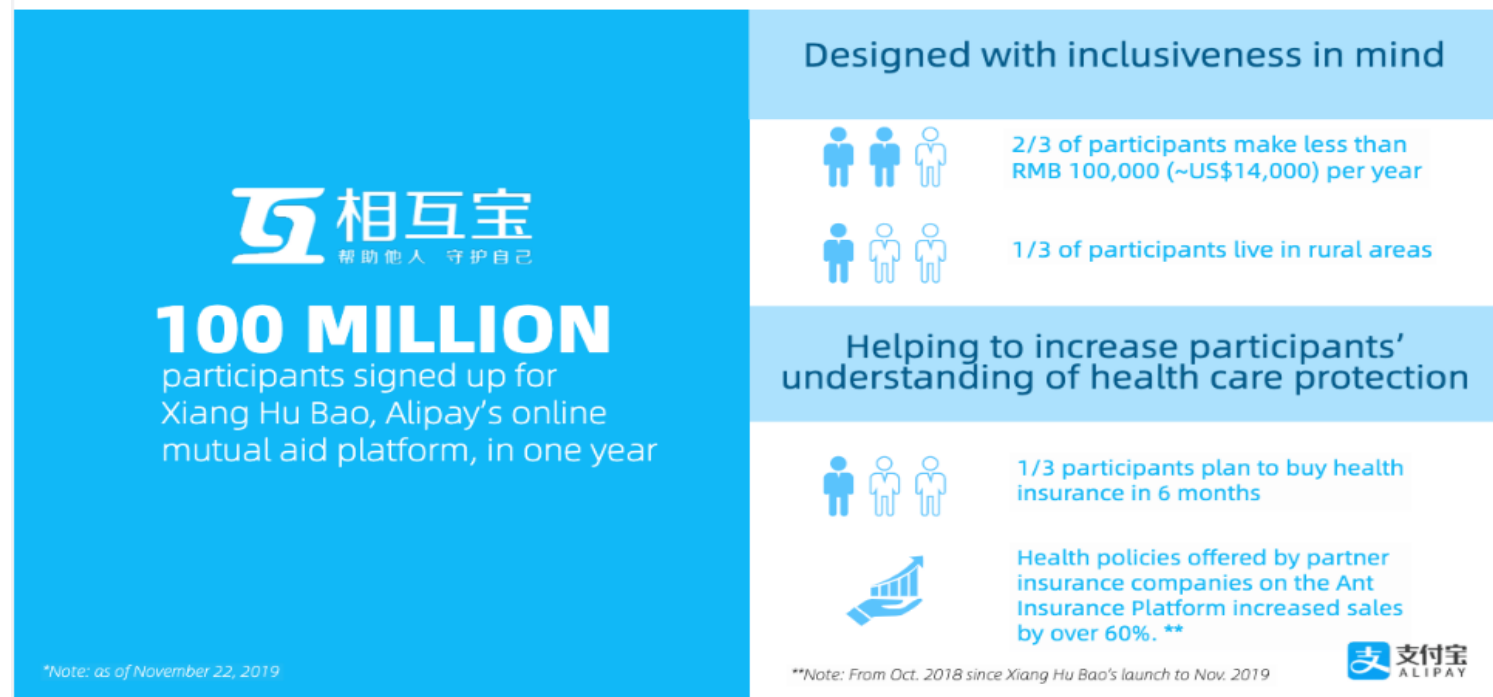


- Top 3 market share across a wide range of product categories in China
- Best-selling home appliance brand during Double 11 Festival - RMB7.4bn sales on Nov 11 2019

Source: Oxford economics, McKinsey Global Institute analysis

Note: US\$ trillion, constant 2016 prices. References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

The speed and scale of the internet for the dominant incumbents

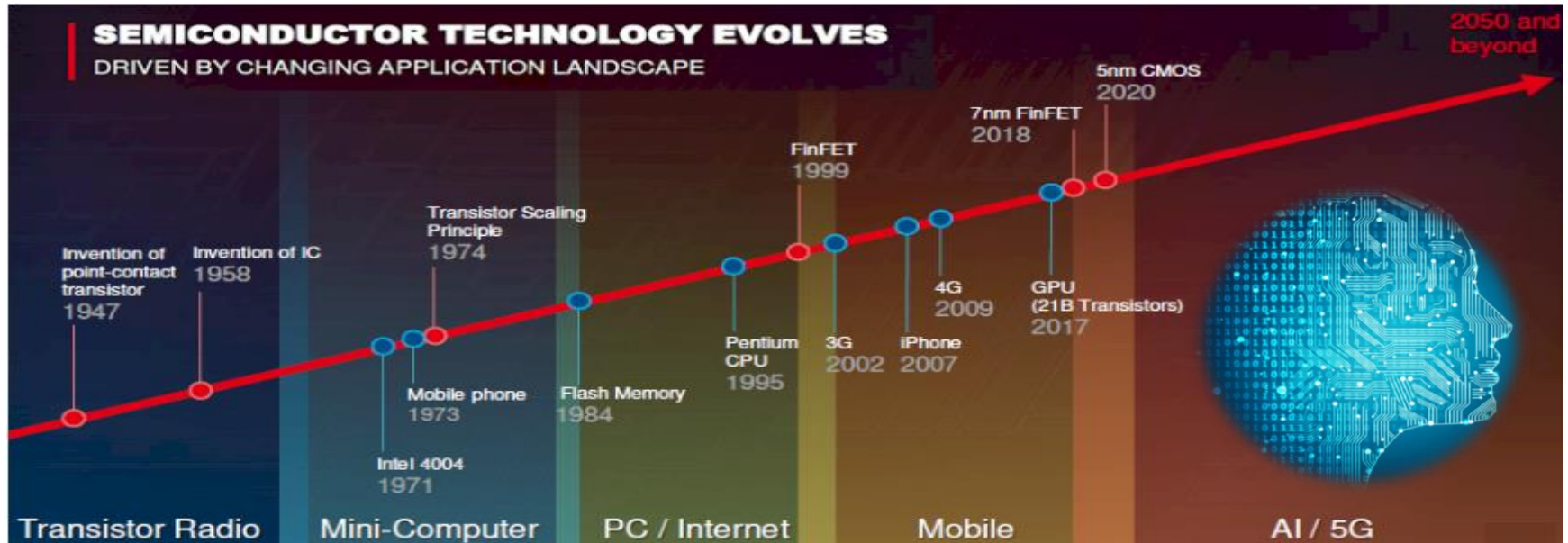


Source: Alipay.com

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

Technology - adoption rates extremely high

Asian technology hardware companies continue to power this growth



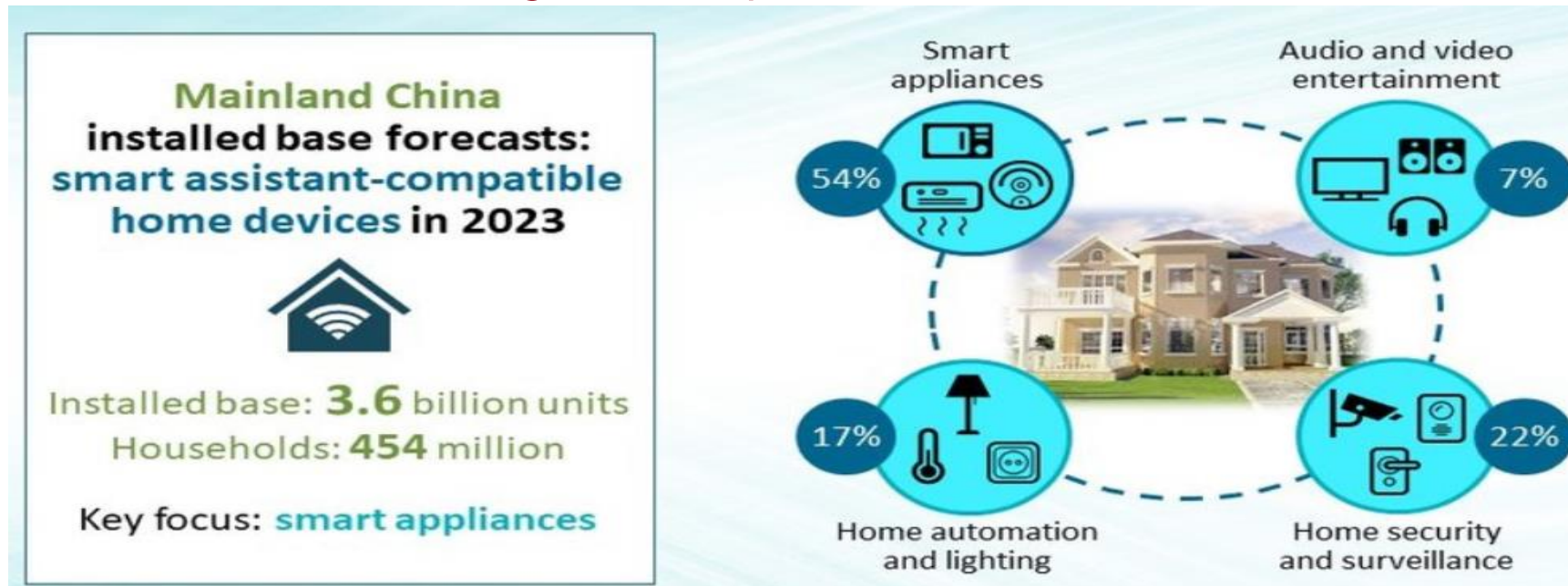
Source: TSMC presenter VP Philip Wong in Hot Chips conference, as at September 2019

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

Smart appliances driving upgrade



Chinese users are willing tech adaptors



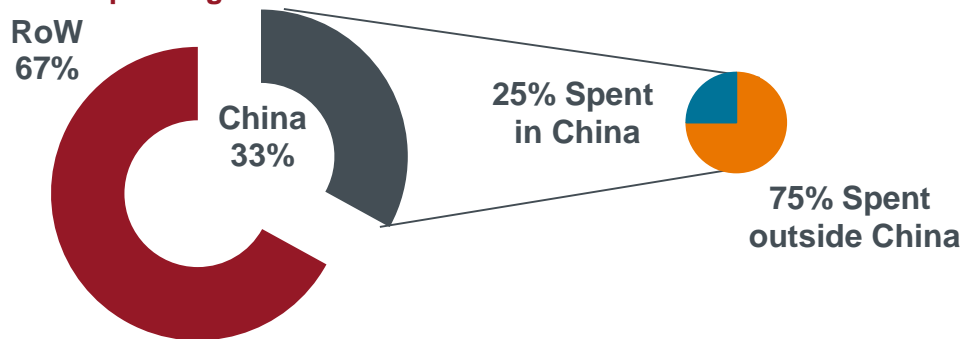
Source: Canals forecasts, Smart Assistant Analysis, July 2019

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

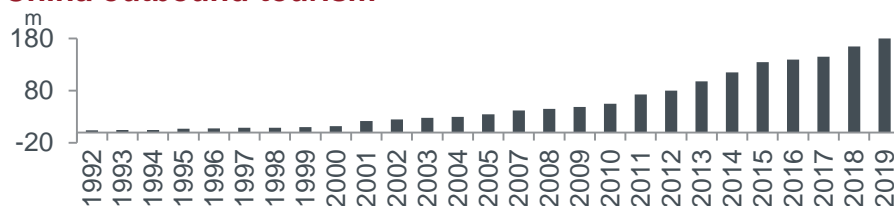
Travelling Chinese shoppers

“Bought-for-China”

Global DFS spending



China outbound tourism



Source: JPM research, December 2019

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company



Macau 2.0



From VIP Gambling to MICE hub for the Mass

WORLD | ASIA | CHINA'S WORLD

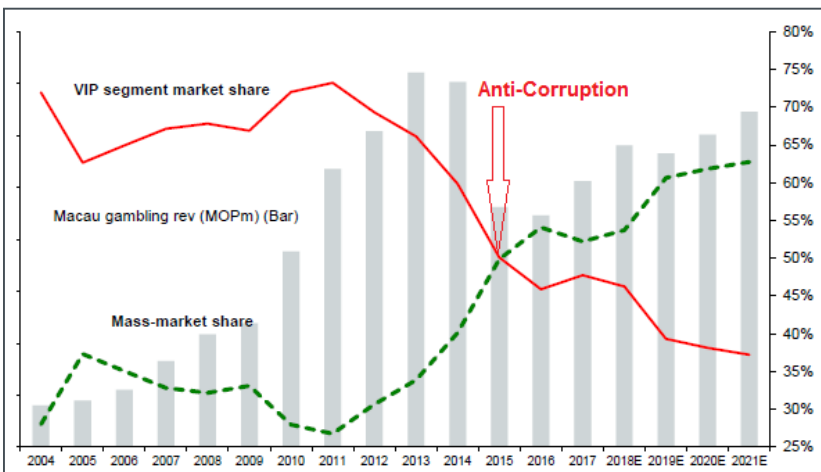
China's Xi Jinping Changes the Odds in Macau

Politics upends bets as corruption crackdown empties out casinos

South China Morning Post

Ambitious: Macau positions itself among Asia's best locations for MICE events

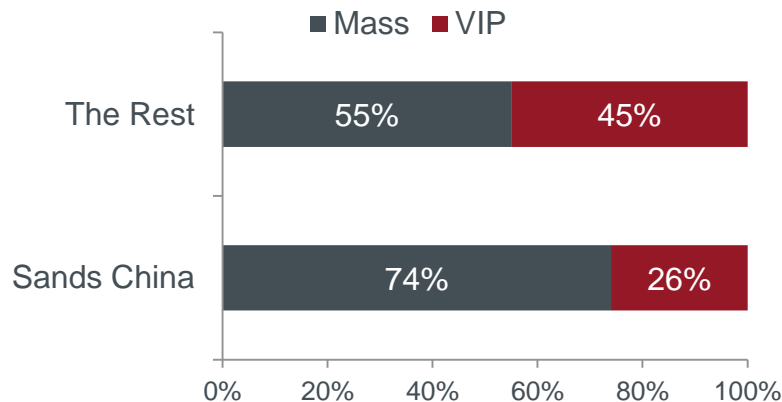
City has focused on becoming the top choice for business events in the region, and has developed a range of first-class venues and facilities to ensure it achieves success



Source: JPM research, December 2019. Data after 2017 is estimated.

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

GGR Breakdown



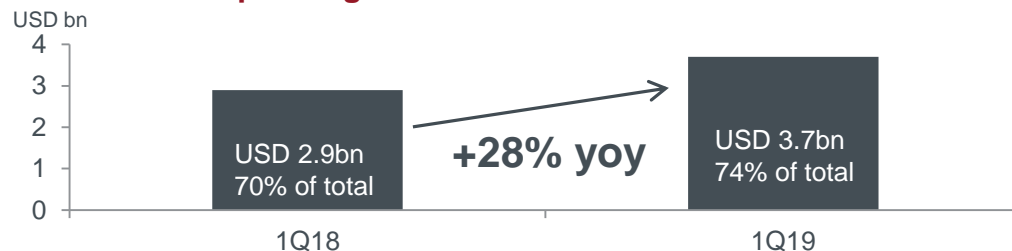
Beauty on the go

K-Beauty

Global DFS sales by category in 2018



Chinese DFS spending in Korea

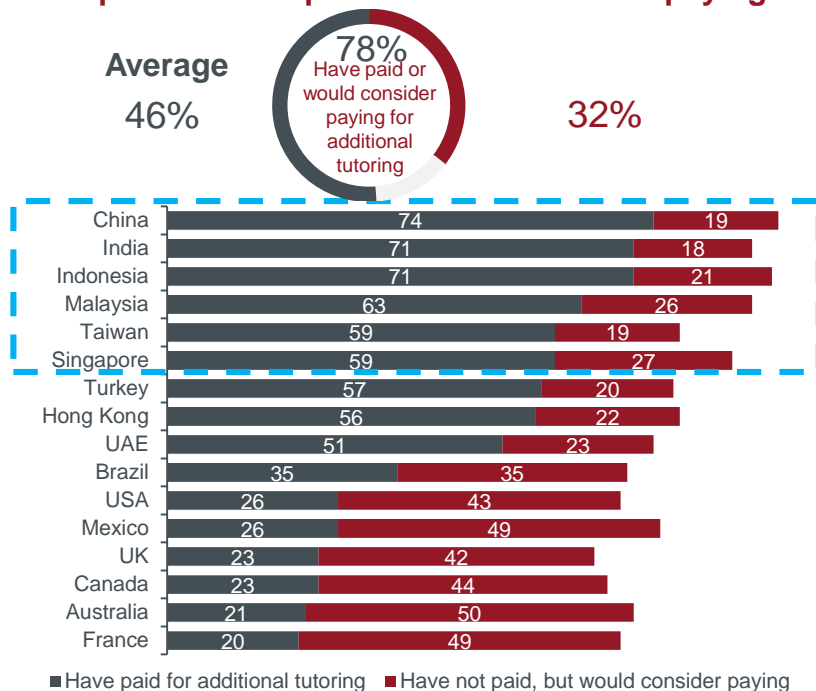


Source: JPM research, December 2019

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

Asian tiger moms

Most parents have paid or would consider paying for additional tutoring



Edu, one of the largest private education services

44.5mn

Cumulative enrolments

8.4mn

Enrolments in

FY19

Over 1,261

Learning Centres

35,300

Teachers



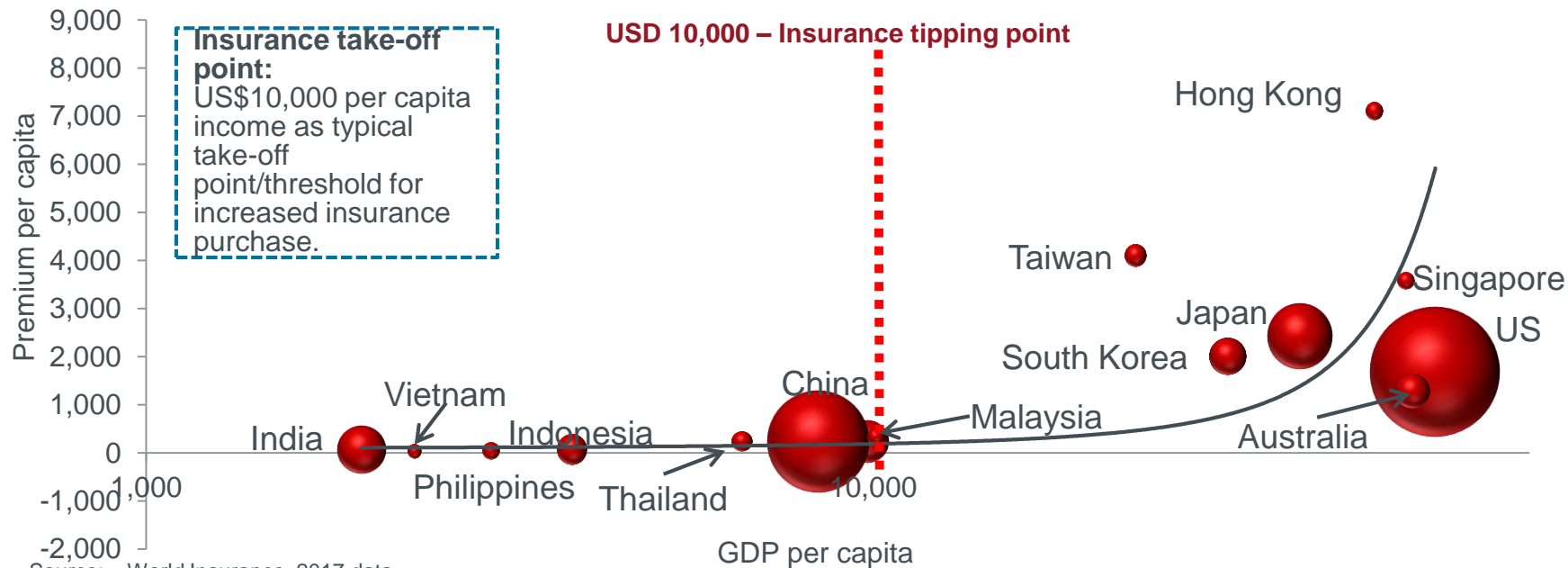
Source: HSBC Wealth Survey, as at 2015

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

Asia insurance at the tipping point



Insurance density: premiums per capita in USD in 2017



Source: World Insurance, 2017 data

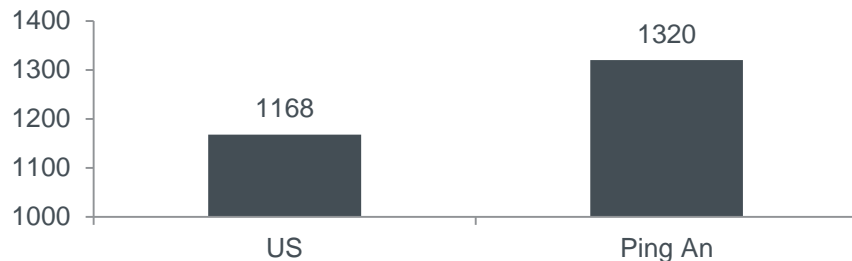
Note: Bubble size indicates potential total premium size. References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

The Ping An platform

Unrivalled distribution network Significant agent network and internet user base

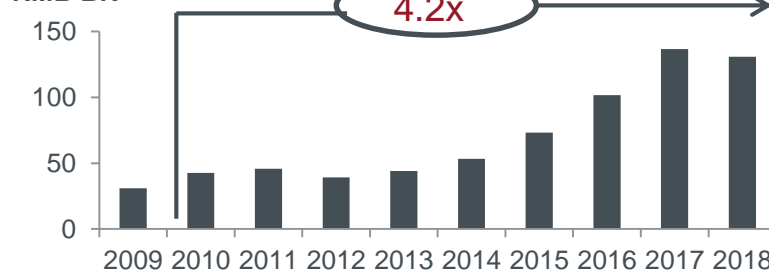
Number of insurance agents

('000)



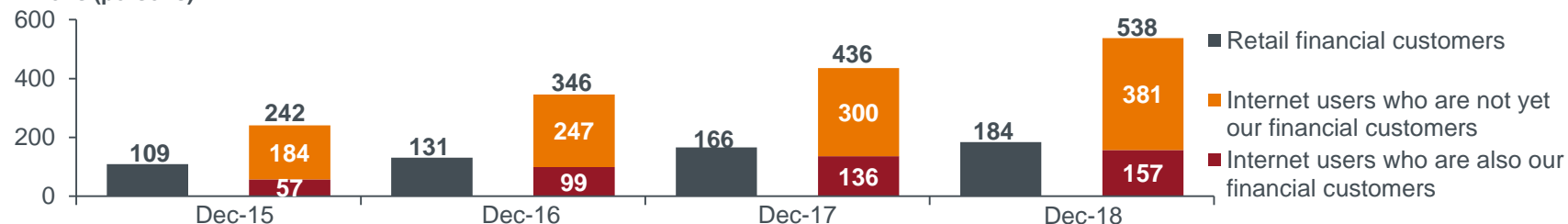
Agency Channel VNB (Individual Channel before 2014)

RMB BN



Significant potential to further penetrate our 538mn internet user base

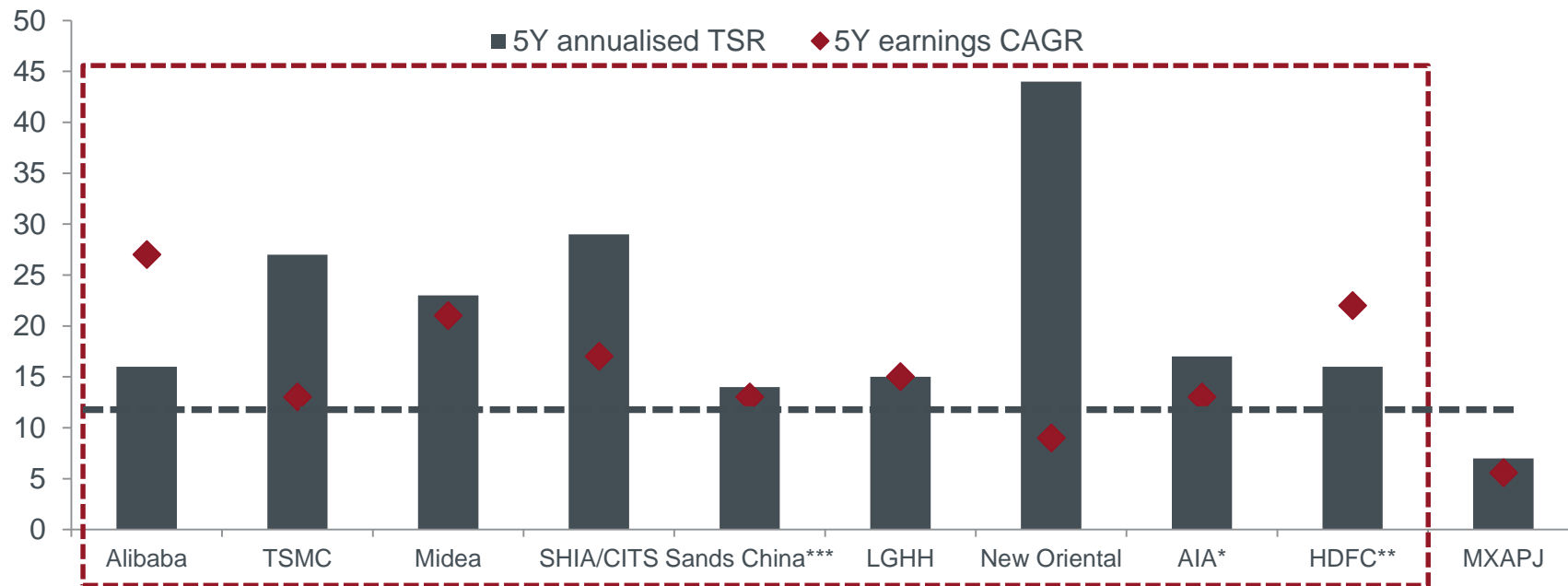
Millions (persons)



Source: PING AN, Company reports

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

Summary of investment opportunities



Source: Bloomberg. Data in USD.

Note: *Net premiums earned used for AIA, ** BPS used for HDFC, *** 3Y used for Sands, due to anti-corruption impact

Note: LGHH= LG Household & Health Care. References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

Janus Henderson Asian Pacific Capital Growth Fund

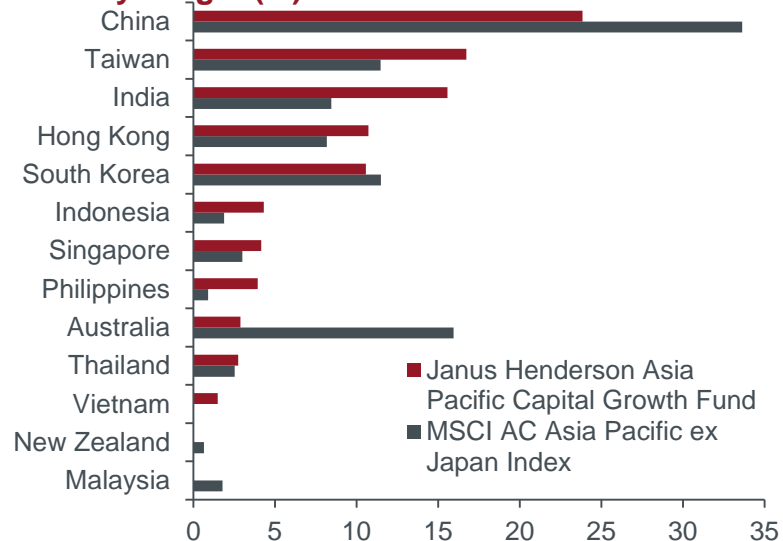


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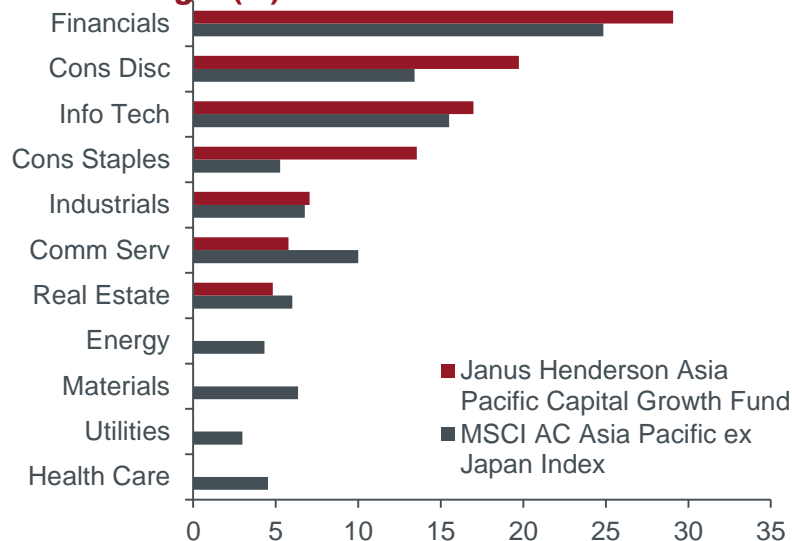
Portfolio positioning

Janus Henderson Asia Pacific Capital Growth Fund

Country weight (%)



Sector weight (%)



Source: Janus Henderson Investors, FactSet, as at 31 December 2019

Note: Portfolio characteristics are for illustration and subject to change

Top 10 holdings

Janus Henderson Asia Pacific Capital Growth Fund

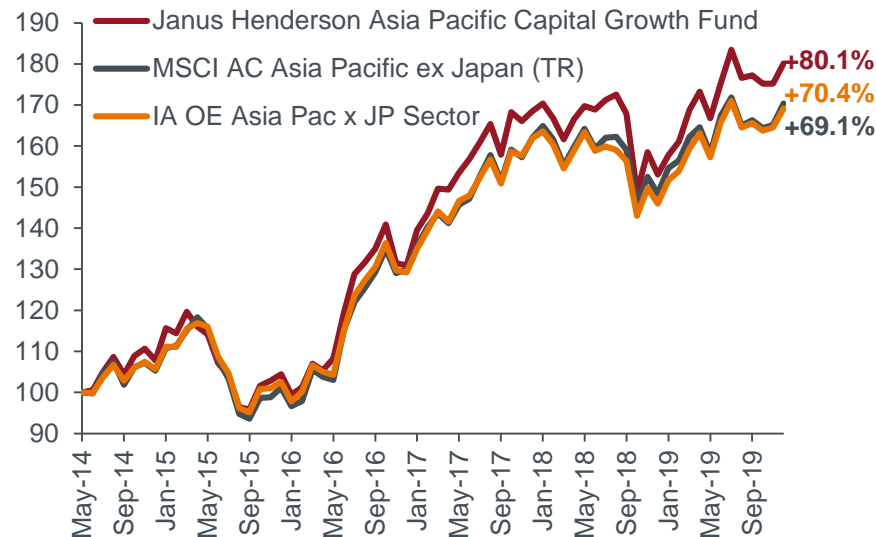
	Company	% of Fund	% of Index
1	Alibaba Group	7.0	5.7
2	Taiwan Semiconductor	5.8	4.3
3	Tencent Holdings	5.8	4.4
4	Samsung Electronics	5.7	4.1
5	AIA Group	5.1	2.0
6	Housing Development Finance Corporation (HDFC)	5.0	0.9
7	HDFC Bank Limited	4.9	0.0
8	Ayala Corp	4.0	0.1
9	Uni-President Enterprises	3.6	0.2
10	Ping An Insurance	3.4	1.0
Weight of top 10 holdings		50.1	19.1
Weight of top 20 holdings		76.9	20.7

Source: Janus Henderson Investors, as at 31 December 2019

Note: References made to individual companies or stocks should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase in the company

Performance

FM Tenure Fund performance*



Source: Janus Henderson Investors, Morningstar, as at 31 December 2019

Basis: Based on midday pricing in GBP for the I Acc share class

Index: MSCI AC Asia Pacific (ex Japan) Index TR (GBP).

Note: Figures rebased to 100 as at FM Tenure start date, 31 May 2014

* For a full description of the peer group benchmark and index usage please refer to slide 24.

	6M%	1y %	2y %	3y %	4y %	5y %
Fund	2.7	17.7	6.9	37.2	72.3	67.1
Index	2.2	14.9	5.3	32.1	68.7	62.2
IA OE Asia Pac X JP	2.3	16.0	4.6	31.1	65.1	60.2
Excess return	+0.5	+2.8	+1.6	+5.1	+3.6	+4.9
Percentile ranking	39	28	31	28	31	39

- Fund size: £333.4m
- Established in 2000

Source: Janus Henderson Investors, Morningstar, as at 31 December 2019

Basis: Based on midday pricing in GBP for the I Acc share class

Index: MSCI AC Asia Pacific (ex Japan) Index TR (GBP).

Past performance is not indicative of future results

FM took over management of the Fund in May 2014

Conclusion

- Structural underperformance of Asia/EM over the last decade despite significant development
- High conviction portfolio centred around technology, consumer & financial services
- Trade war resolution & stronger earnings growth outlook

Additional information

Discrete performance and descriptions

Janus Henderson Asia Pacific Capital Growth Fund

	December 2018 – December 2019	December 2017 – December 2018	December 2016 – December 2017	December 2015 – December 2016	December 2014 – December 2015
Fund (%)	17.7	-9.2	28.4	25.6	-3.0
Index (%)	14.9	-8.3	25.4	27.7	-3.9
Peer group benchmark (%)	15.8	-9.8	25.3	25.9	-2.9

Index

MSCI All Countries Asia Pacific ex Japan Index

Index usage: Target & Comparator

The MSCI All Countries Asia-Pacific (ex Japan) Index is a measure of the combined performance of large and medium sized companies across developed and emerging stock markets across the Asia-Pacific region but excluding Japan. It is the performance target for the Fund and provides a useful comparison against which the Fund's performance can be assessed over time.

Peer group benchmark

IA Asia Pacific ex Japan

Peer group benchmark usage: Comparator

The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

Source: Janus Henderson Investors, as at 31 December 2019

Note: I Acc Share Class, net of fees, in sterling. Past performance is not a guide to future performance

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