Janus Henderson INVESTORS

JANUS HENDERSON HORIZON FUND - EUROLAND FUND

A2 EUR ISIN LU0011889846

At a glance

Performance

The Fund returned 3.57%, the Index returned 4.45% and the Sector returned 3.80%.

Contributors/detractors

Holdings across the financials (ING, BNP and Unicredit) and defence (Thales) sectors performed well. However, individual holdings in BESI, DHL and Brenntag (which we sold) did not.

Outlook

While we are not expecting any violent moves in European markets, we would not be surprised to see some sector rotation, reflecting profit-taking over the short/medium term.

Portfolio management

Nick Sheridan

Investment environment

- The global peace dividend seems to be a thing of the past with continued conflict in Ukraine (following the invasion by Russia) and now the conflict in Gaza (following the atrocities in Israel).
- China's economic growth seems likely to fall from previous levels but government stimulus may help.
- Global interest rates appear to be peaking and inflation (while falling) remains sticky in areas.
- US equities have seen narrow market leadership over the last year and this is getting more pronounced.
- Climate change remedial actions will increase corporate costs and overall is likely to prove inflationary. Meanwhile, corporate refinancing costs have risen.
- A big and consistent question on the mind of investors is whether or not recession has been avoided. Markets seem to be betting it has.

Portfolio review

With markets, the destination is normally easier to predict than the speed of travel. Having established that over time company earnings generally tend to rise, then over time the benchmark index (which is an aggregate) should follow these earnings and also rise. However, the speed and degree with which any index will move in relation to earnings is dependent on the discount factor (interest rates) and how investors are feeling (greedy or fearful).

So what is this all telling us at present? In terms of the European earnings season, it is now over. While mixed, it was generally positive and consensus expectations are now for 3% growth in Europe in 2024. This is certainly no disaster.

With regards to interest rates, the jury is still out on the exact timing and size of any cuts both in Europe and the US. However, investors seem to agree that the direction of travel is downwards and that a recession seems to have been avoided.

Regarding the mood of investors, AI has caused excitement and the so-called FOMO (fear of missing out) is on the rise. If we look at the recent strength in equity markets, then most of this has come from multiple expansion rather than earnings and in both Europe and the US market leadership has been narrow.

Broadly speaking, we think this is a reasonably positive background for markets with the proviso that maybe investors are getting a little bit too excited about AI. Yes, AI will change things. And in many cases it can improve the profitability of companies. The questions is, how quickly will this happen? Is it one, five or 10 years before we really see these effects? The internet took much longer than originally anticipated to really change economic returns and while the onset of AI may be quicker, some caution regarding valuations is probably merited.

During the month we sold Brenntag, Syensqo (a spin-off from Solvay), Rexel and Infineon and bought Bureau Veritas, Fuchs, Konecranes and Stroer. All of these purchases showed good results during the recent earnings season and look likely to be able to improve their operational performance from here. Stroer also seems likely to give a special dividend over the short/medium term. At the time of purchase all additions to the portfolio looked good value to us.

Manager outlook

While we are not expecting any violent moves in European markets, we would not be surprised to see some sector rotation, reflecting profit-taking over the short/medium term.

Performance (%)

Returns	Cumulative 1 Month	3 Month	YTD	1 Year	Annualised 3 Year	5 Year	10 Year
A2 EUR (Net) with sales charge	-1.61	1.70	1.70	9.86	5.04	7.41	5.65
Index	4.45	10.25	10.25	16.70	8.72	9.21	7.10
Sector	3.80	8.88	8.88	14.78	7.44	8.02	6.17
A2 EUR (Net)	3.57	7.06	7.06	15.64	6.85	8.51	6.19

Calendar year	YTD at Q1 2024	2023	2022	2021	2020	2019
A2 EUR (Net)	7.06	21.79	-15.18	27.99	-2.88	22.84
Index	10.25	18.78	-12.47	22.16	-1.02	25.47
Sector	8.89	17.03	-13.44	21.96	-1.71	23.78

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. **Past performance does not predict future returns. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.**

Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at www.janushenderson.com.

Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

Performance fees may be charged before the Fund's outperformance target is reached.

Performance fees are charged separately as a way of rewarding the investment manager for superior returns or for outperforming specified targets. A Performance Fee is accrued where the NAV outperforms the relevant Hurdle NAV (subject to a High Water Mark). For further explanation of the performance fee calculation methodology please see the relevant prospectus, available at www.janushenderson.com.

Past performance does not predict future returns.

Fund details

Inception date	01 July 1984
Total net assets	€903.28m
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	MSCI EMU Net Return EUR Index
Morningstar sector	Eurozone Large-Cap Equity
SFDR category	Article 8

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

Investment objective

The Fund aims to provide capital growth over the long term. The Fund invests at least 75% of its assets in shares (equities) and equity-related securities of companies, of any size, in any industry, in the Eurozone. Companies will be incorporated in or having their principal business activities in the Eurozone.

Fund specific risks

In respect of the equities portfolio within the Fund, this follows a value investment style that creates a bias towards certain types of companies. This may result in the Fund significantly underperforming or outperforming the wider market. When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact the value of the Fund due to differences in short-term interest rates between the currencies. The Fund could lose money if a counterparty with which the Fund trades becomes unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider. Shares/Units can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result. If a Fund has a high exposure to a particular country or geographical region it carries a higher level of risk than a Fund which is more broadly diversified. The Fund may use derivatives with the aim of reducing risk or managing the portfolio more efficiently. However this introduces other risks, in particular, that a derivative counterparty may not meet its contractual obligations. If the Fund holds assets in currencies other than the base currency of the Fund, or you invest in a share/unit class of a different currency to the Fund (unless hedged, i.e. mitigated by taking an offsetting position in a related security), the value of your investment may be impacted by changes in exchange rates. Securities within the Fund could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses.

FOR MORE INFORMATION PLEASE VISIT **JANUSHENDERSON.COM**

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Source: Janus Henderson Investors, as at 31 March 2024, unless otherwise noted.