JANUS HENDERSON HORIZON FUND – PAN EUROPEAN EQUITY FUND

A2 EUR ISIN LU0138821268

At a glance

Performance
The Fund returned 7.23%, the Index returned 6.55% and the Sector returned 6.62%.

Contributors/detractors
The unexpected settlement of long-standing legal issues around mis-selling made ASR the main positive contributor to performance. Total was the main detractor, reflecting the underperformance of the energy sector.

Outlook
While the underperformance of medium-sized companies has created challenging conditions for our approach, we remain confident that the solid fundamentals will eventually shine through.

Portfolio management

Marc Schartz, CFA

Investment environment

Equity markets staged a significant rally in November, making it the strongest month since January. The upbeat mood mainly reflects the fact that the ever-growing evidence that inflation is slowing has now translated into less hawkish tones from central banks. Once again, this has led to a marked compression in US and European yields. US 10-year Treasury yields fell from 4.9% to 4.3%, while German 10-year bund yields fell from 2.8% to 2.45% (bond prices rose, reflecting their inverse correlation). Against this backdrop, long-duration sectors like technology and real estate led the market. Meanwhile, energy was the worst-performing sector. The roll-over of interest rates has also stabilised the relative performance of mid-cap companies versus large-cap companies, with both categories performing on par during the month. Mid-caps have still underperformed large-caps over the year by around 12%, however.

Portfolio review

The main positive contributors to performance were Dutch insurance company ASR and specialty chemical distributor Azelis. Both stocks have been major detractors so far this year. Azelis reported third quarter results that showed strong resilience against a difficult market backdrop. Its management's commentary around tentative improvements observed in demand patterns further contributed to the share price bounce. ASR rather unexpectedly managed to settle the legal situation that earlier this year led to an abrupt sell-off in its shares. With the legal woes now largely behind the company, the focus is shifting back to the attractive fundamentals, especially the integration with Aegon Netherlands.

Conversely, Total was the main performance detractor. This reflected the performance of the energy sector in general over the month.

We initiated positions in Qiagen, Trigano and Anheuser Busch. While Qiagen offers exposure to the structurally growing diagnostics market, its share price has been suffering from a Covid hangover through 2023 and we felt the underlying fundamentals of the company are yet to shine through once again. French company Trigano is the European leader in the motorhome industry. While demand has been very strong for a while, supply-chain disruptions have hampered its progress to some extent. We think this disruption is behind us and while the economic slowdown raises some question marks around demand for large ticket discretionary items, we think favourable demographics could support the motorhome market. We also opened a new position in Anheuser Busch to increase the fund's exposure to our favourite staples category, beer. Unlike many other categories, beer does not suffer from white label competition, it has diversified routes to market (off and on-trade) and is not facing destocking across its value chain (limited shelf life). The company itself seems to be in the midst of a successful turnaround based on deleveraging and refocusing on organic brand development (rather than serial acquisitions). In order to finance these additions, we took profit in Givaudan and in long-standing position Mercedes, and exited the position in Bayer. Furthermore, we made a handful of trades to rebalance the fund ahead of its merger with the Janus Henderson Pan European Mid and Large Cap Fund. In this context, we bought positions in Euronext and Solvay.

Manager outlook

It seems likely that we are in the final phase of the interest rate hiking cycle, which has been the main driver of the currently unfolding economic slowdown. While the debate around a hard landing (recession) versus a soft landing remains difficult to call at this stage, rates have either topped out or are close to topping out, which should help establish the conditions for economic uncertainty to gradually dissipate in the coming quarters.

The pronounced de-stocking activities that have undermined the underlying economics in many industries over the last 12 months should be approaching their conclusion, and hence offer some comparative potential tailwinds moving into next year. We have used the share price volatility around those temporary destocking-related demand disruptions to build various positions in what we see as structurally well positioned companies. While the significant (and occasionally indiscriminate) underperformance of mid-caps has resulted in more challenging conditions for our approach, we remain confident that the solid fundamentals of medium-sized companies in general - and especially those we invest in - will eventually shine through. Consistent with our core approach, the fund is set up in a balanced way in terms of factor and sector exposures, making relative performance not dependent on a specific macroeconomic development.

Performance (%)

Returns	Cumulative 1 Month	3 Month	YTD	1 Year	Annualised 3 Year	5 Year	10 Year
A2 EUR (Net) with sales charge	1.87	-6.15	1.81	0.39	-0.49	4.58	3.84
Index	6.55	1.19	12.64	8.89	9.53	8.46	6.78
Sector	6.62	0.45	9.97	6.40	6.36	6.40	5.11
A2 EUR (Net)	7.23	-1.21	7.17	5.68	1.23	5.66	4.37

Calendar year	YTD at Q3 2023	2022	2021	2020	2019	2018
A2 EUR (Net)	5.94	-15.85	12.60	8.53	27.43	-15.69
Index	9.64	-9.37	25.40	-2.32	26.89	-10.39
Sector	7.16	-13.14	22.99	-0.91	24.51	-12.72

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/11/23. © 2023 Morningstar, Inc. All rights reserved. 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. **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.

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.

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Fund details

Inception date	30 November 2001
Total net assets	€211.47m
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	FTSE World Europe Index
Morningstar sector	Europe Large-Cap Blend 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 a concentrated portfolio of shares (equities) and equity-related securities of companies, of any size, in any industry, that have their registered office in the EEA or the UK if not part of the EEA.

Fund specific risks

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. This Fund may have a particularly concentrated portfolio relative to its investment universe or other funds in its sector. An adverse event impacting even a small number of holdings could create significant volatility or losses for the Fund. 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.

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