COMMENTARY

# Janus Henderson Horizon Asian Growth Fund

Q3 2023 **Marketing communication**

## Fund managers

Daniel J. Graña, CFA, Matthew Culley

## Investment environment

- Asian equity markets suffered downward volatility amid fears of slowing global economic growth. Prospects for additional central bank rate hikes in the developed markets kept upward pressure on global interest rates, which acted as a headwind for equities.
- Market declines were widespread, spanning most economic sectors. Information technology was the weakest-performing index sector, with technology stocks giving back some of their strong second-quarter performance. Energy stocks outperformed the broader market as geopolitical uncertainty and supply cutbacks drove crude oil prices higher.
- Most Asian markets had negative returns. Hong Kong had the largest market declines due to concerns over a slower-than-expected economic recovery in China. Stocks in India outperformed.

## Portfolio review

Relative performance was hindered by several of our investments in China. China's post-lockdown recovery has been weaker than expected, and official stimulus measures have yet to address the economic slowdown or problems in the property sector. These economic headwinds have pressured the near-term business outlook for companies such as Linklogis, a leading detractor for the quarter. Linklogis provides supply-chain financing for small and medium-sized businesses, and it has also faced uncertainty due to reduced technology-related capital spending by banks, a critical consumer of its products.

In China, we continued to look for opportunities in healthcare companies expanding access to new treatments. This led us to New Horizon Health, which is changing the detection and treatment of colorectal cancer in China with its noninvasive, easy-to-use, highly accurate and reasonably priced ColoClear test. The company hopes this patented technology platform may have applications for other indications beyond colorectal cancer, and we have continued to see long-term potential around its healthcare innovation. Unfortunately, the stock detracted from performance over the quarter amid uncertainty around an official anticorruption campaign aimed at China's healthcare sector, even though New Horizon was not directly targeted by this campaign. On a positive note, the company reported better-than-expected financial results for the first half of the year. We continued to hold the position.

Several of our investments in India were notable positive contributors to relative performance. These included Kalyan Jewelers. The Indian jewellery store chain continued to execute well, and it reported better-than-expected sales and profitability. These results helped raise market sentiment around its strategy of new store development through a franchise model, a transition it hopes will reduce the capital intensity of the business. We see Kalyan as well placed to capitalise on a long-term secular trend of the formalisation of the jewellery retail trade.

Indian online travel agent, MakeMyTrip, was another strong performer. The stock rose on the company's better-than-anticipated financial results, which balanced strong revenue growth and improved profitability. The company's efforts to invest heavily in the business over recent years, including during the Covid-19-related downturn, have started to bear fruit as travel volumes have normalised, and MakeMyTrip has been able to expand its share in a rebounding market. We also have a favorable outlook for the growth of India's travel sector over the long term, as consumer incomes rise. We believe MakeMyTrip is well positioned to benefit from this growth given its dominant position in the online travel space.

# Janus Henderson Horizon Asian Growth Fund

## Manager outlook

We recognise that Asian stocks could experience near-term volatility as investors try to assess the outlook for global economic growth, inflation and interest rates, along with the implications of these macroeconomic headwinds for emerging market economies. Despite this uncertainty, we remain optimistic on emerging markets relative to developed economies. Central banks in emerging markets started to raise rates before banks in the US and Europe. We believe they are further along in their efforts to contain inflation and, therefore, are closer to ending their policy tightening. For this reason, we believe we could see rates stabilise sooner in emerging markets, relative to the US and Europe. We also continue to seek longer-term trends, from innovation in healthcare to investments in electric vehicles and green energy, which are creating opportunities for Asian emerging market companies. Additionally, we believe that the reshoring of manufacturing capacity may spur stronger economic growth and investment potential in emerging markets such as Vietnam. As we look to take advantage of this broad array of opportunities, we continue to pay close attention to company and country fundamentals, as well as corporate governance. We believe this strategy may lead to favourable long-term outcomes for our investors.

Source: Janus Henderson Investors, as at 30 September 2023

# Janus Henderson Horizon Asian Growth Fund

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

**Singapore**
Janus Henderson Investors
Tel: +65 6813 1000
Fax: +65 6221 0039
Website: www.janushenderson.com

## 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. Opinions and examples are meant as an illustration of broader themes, are not an indication of trading intent, are subject to change and may not reflect the views of others in the organisation. It is not intended to indicate or imply that any illustration/example mentioned is now or was ever held in any portfolio. 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 upon the accuracy and completeness of all information available from public sources. **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.

Effective 2 May 2017, the benchmark of the Janus Henderson Horizon Asian Growth Fund was changed from MSCI AC Asia ex Japan Index to MSCI AC Asia Pacific ex Japan Index. Prior to this, the benchmark was changed from MSCI AC Pacific ex Japan Index to MSCI AC Asia Pacific ex Japan Index on 1 December 2009. Janus Henderson Horizon Asian Growth Fund's investment objective was changed effective 1 December 2009.



Date of issue: October 2023