

# EMERGING MARKETS OPPORTUNITIES FUND

## At a glance

### Performance\*

The Fund returned 3.56%, the Index returned 2.66% and the Peer Group returned 2.24%.

### Contributors/detractors

Stock selection was the primary driver of relative outperformance, with a smaller positive contribution from allocation.

### Outlook

We continue to seek longer-term trends that we believe are creating attractive opportunities for emerging market companies.

## Portfolio management



Daniel J. Graña, CFA



Matthew Culley

## Investment environment

- Emerging market stocks rose due to hopes for improved global economic growth and increased investor appetites for risk.
- Central bank policy remained a source of uncertainty for global markets as the US Federal Reserve (Fed) signalled a more gradual approach to potential interest rate cuts.
- Most emerging markets equities saw positive returns over the month, with notable gains in Peru and Columbia. Geopolitical uncertainty led to a decline in Egypt's equity market.

## Portfolio review

Relative fund performance benefited from a position in electronics and memory chip manufacturer Samsung Electronics. Semiconductor-related stocks such as Samsung faced headwinds in 2023 due to higher customer inventory levels. Now that inventory levels have started to normalise, chipmakers are seeing an improved orders environment. We believe Samsung is well positioned towards rising demand and increased pricing for memory chips, which we believe will be driven by unprecedented supply reductions and innovations such as artificial intelligence (AI).

Mexican discount retailer BBB Foods was another positive relative contributor. We believe BBB Foods is a best-in-

class operator given its track record of impressive same-store sales growth and store expansion. BBB Foods currently owns about 2,000 stores but hopes to expand to over 10,000 locations, providing long-term potential. We also see potential around its efforts to introduce its proven low-cost, professional retailing model into a less formalised segment of the retail sector. The management team behind BBB Foods has demonstrated operational excellence across its key areas of focus, and we are excited to be an early investor in the company. We also believe the company operates in a country, Mexico, where we have seen favourable economic trends, driven in part by the nearshoring of manufacturing capacity.

Relative fund performance was hindered by the investment in New Horizon Health. This healthcare company is seeking to transform the detection and treatment of colorectal cancer in China with its non-invasive, easy-to-use, highly accurate, and reasonably-priced ColoClear test. The company has continued to execute on its business plan as it has moved closer to profitability. Despite this progress, the stock has faced headwinds amid an anticorruption campaign aimed at China's broader healthcare sector, even though New Horizon was not a target of this inquiry. We hope we will see this headwind ease in the second half of the year as this campaign winds down, allowing investors to once again recognise New Horizon's market potential and track record of innovation.

Hong Kong-based global insurer AIA Group was another relative detractor. The company has a significant footprint

### Marketing communication

#### Past performance does not predict future returns.

References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

\*For benchmark/usage and peer group, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

in China, where weaker consumer spending has hurt demand for insurance products. Despite near-term macroeconomic uncertainty, we remain positive about the company's underlying fundamentals and balance sheet. We are also constructive on long-term trends for the global insurance industry, supported by innovation and rising living standards.

## Manager outlook

We are cautiously optimistic about prospects for the global economy despite uncertainty over inflation and central bank policies. We also recognise the risks attached to an increasingly complex geopolitical environment. We are closely monitoring developments in countries — from India to Mexico to South Korea — that face elections that will have important ramifications for economic growth, trade policies and government regulation. While uncertainty ahead of these elections could add to near-term market volatility, we believe that by the end of this year, we will have more clarity on the progress of economic reforms in a number of the markets where we invest.

We also remain excited about many developments in the emerging markets. These include an explosion of

entrepreneur-led innovation, supported by highly digitally connected economies, high levels of STEM education, and strong government and regulatory policy support. We have also been pleased to see increased focus on corporate governance in countries such as South Korea, where we have started to add to the position.

We also remain on the lookout for opportunities created by the rearchitecting of global supply chains, as companies look to diversify their exposure away from China. In our view, the resulting capital investment may provide a long-term structural tailwind for GDP growth in countries such as Mexico, India, Vietnam and Indonesia. In seeking to capitalise on these broad-based opportunities, we remain committed to our three-lens approach that looks for high-quality companies, with strong governance structures, in favourable countries. We believe this approach could lead to positive long-term outcomes for our investors.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (27/02/87)
I Acc (Net)	3.56	5.68	5.68	5.19	-4.75	1.86	4.87	6.27
Index	2.66	3.38	3.38	6.29	-1.83	3.25	6.24	—
Peer Group	2.24	3.37	3.37	5.93	-2.59	2.75	5.57	—
I Acc (Gross)	—	—	—	—	—	2.80	5.83	7.24
Target	—	—	—	—	—	5.31	8.36	—

12 month rolling

	Mar 2023- Mar 2024	Mar 2022- Mar 2023	Mar 2021- Mar 2022	Mar 2020- Mar 2021	Mar 2019- Mar 2020
I Acc (Net)	5.19	-7.48	-11.23	51.14	-16.03
Index	6.29	-4.48	-6.82	42.83	-13.16
Peer Group	5.93	-4.44	-8.70	47.27	-15.85

On 02/08/22 the fund received a windfall tax refund as a result of a successful settlement of historic tax claims filed with HM Revenue & Customs that increased the NAV by 0.57%. This uplift is reflected in all performance figures that span that date. Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. © 2024 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.** Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. **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.** Source for target returns (where applicable) - Janus Henderson Investors. This is a representative share class for the fund, other share classes are available and may be more suitable for your investment needs.

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](http://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.

Investment objective

The Fund aims to provide a return, from a combination of capital growth and income over the long term. Performance target: To outperform the MSCI Emerging Markets Index by 2% per annum, before the deduction of charges, over any 5 year period.

For the fund's investment policy, refer to the Additional fund information on page 4.  
**Past performance does not predict future returns.**

Fund details

Inception date	01 February 1987
Total net assets	92.57m
Asset class	Equities
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	MSCI Emerging Markets Index <sup>SM</sup>
Peer group	IA Global Emerging Markets Equity

For benchmark/usage description, refer to Additional fund information on page 4.

## Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records are detailed on the specific KIID, fees and charges may vary and further information can be found in the fund's prospectus and KIID which must be reviewed before investing. Please consult your local sales representative if you have any further queries. From 10 November 2023, the Fund changed its Investment policy. Past performance shown before this change was therefore achieved under circumstances that no longer apply. These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. Any securities, funds, sectors or indices mentioned within this article do not constitute or form part of any offer or solicitation to buy or sell them. The information in this commentary does not qualify as an investment recommendation. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.

The MSCI Emerging Markets Index is a measure of the combined performance of large and medium sized companies from emerging stock markets. It forms the basis of the Fund's performance target and provides a useful comparison against which the Fund's performance can be assessed over time. 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.

### Investment policy

The Fund invests at least 80% of its assets in a concentrated portfolio of shares (also known as equities) of companies, of any size, in any industry, in emerging markets. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in emerging markets. 'Emerging markets' are countries in the MSCI Emerging Markets Index, included in the World Bank definition of developing economies, or which are, in the Investment Manager's opinion, developing. The portfolio may be concentrated in terms of its number of holdings and/or the size of its largest holdings. The Fund may also invest in other assets including companies outside emerging markets, depositary receipts, cash and money market instruments. The Investment Manager may use derivatives (complex financial instruments), including total return swaps, to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the MSCI Emerging Markets Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target. The Investment Manager has discretion to choose investments for the Fund with weightings different to the index or not in the index. As an additional means of assessing the performance of the Fund, the IA Global Emerging Markets sector average, which is based on a peer group of broadly similar funds, may also provide a useful comparator.

### Investment strategy

The Investment Manager seeks consistent risk-adjusted returns (an expression of an investment's return through how much risk is involved in producing that return) by looking to identify the most attractive opportunities within countries across various stages of economic and political development. This diverse landscape requires the Investment Manager to utilise an array of perspectives to fully evaluate these opportunities. By combining fundamental company research, market and economic analysis, a focus on governance and quantitative input, the portfolio attempts to capture price inefficiencies across companies of all sizes. The focus on corporate governance may limit the Fund's ability to invest in industry sectors if those sectors are dominated by state-owned entities.

### Fund specific risks

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. Shares of small and mid-size companies can be more volatile than shares of larger companies, and at times it may be difficult to value or to sell shares at desired times and prices, increasing the risk of losses. Emerging markets expose the Fund to higher volatility and greater risk of loss than developed markets; they are susceptible to adverse political and economic events, and may be less well regulated with less robust custody and settlement procedures. 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. The Fund may incur a higher level of transaction costs as a result of investing in less actively traded or less developed markets compared to a fund that invests in more active/developed markets.

**Janus Henderson**  
INVESTORS

FOR MORE INFORMATION PLEASE VISIT [JANUSHENDERSON.COM](https://www.janushenderson.com)

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

**Please read all scheme documents before investing. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. Marketing Communication. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the prospectus, and where relevant, the key investor information document before investing. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.** Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK Limited (reg. no. 2678531), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Janus Henderson

Investors Europe S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier). Janus Henderson is a trademark of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc. D10018