

Janus Henderson Horizon Asian Dividend Income Fund

April 2019

Fund manager names: Michael Kerley & Sat Duhra

Overview

Asia Pacific markets edged higher over the month in US dollar terms adding to the powerful year-to-date rally. The performance of the second half of the month was more lacklustre as Chinese economic numbers improved but were overshadowed by concerns of a slowdown in easing stimulus. Corporate earnings expectations continued to decline although the pace has moderated, suggesting that the worst of the downgrades has now passed. The best performing market was Singapore, following some strong results from the banking sector and a rising oil price which supported the oil services sector. Taiwan also outperformed as the technology sector benefited from better numbers from Apple and Huawei. India was one of the worst performing markets as economic releases of purchasing managers' indices (PMI) and auto sales were disappointing. At the sector level technology and consumer discretionary sectors led the way while utilities and materials disappointed.

Performance and activity

The fund underperformed* the MSCI AC Asia Pacific ex Japan Index and was in line with the high yield equivalent by a small amount. The underweight position in technology and overweight position in materials were the main detractors. At the stock level the portfolio benefited from positions in Kweichow Moutai, Treasury Wine, Sands China and Singapore Banks DBS and UOB. Scentre Group, China Mobile and Indorama Ventures were disappointing.

April was a quiet month for portfolio changes. We reduced our positions in Kweichow Moutai following a strong run and also trimmed Scentre Group in Australia over fears of slowing retail sales. We topped up positions in Treasury Wine and DBS with the proceeds.

Outlook

We remain cautiously optimistic on the outlook for the region. We believe valuations are attractive, especially compared to western markets, and earnings although weakening should prove more resilient than elsewhere. In the short-term, markets will be dictated to by global macroeconomic events surrounding US interest rates and the dollar and geopolitical tension (especially between the US and China). We will use the increase in volatility to add to positions in favoured sectors and stocks at more attractive prices with a focus on domestic sectors which are less impacted by macro factors.

Source: Janus Henderson Investors, as at 30 April 2019

*Gross of fees - gross of 5% initial sales charge. Calculated on a bid to bid basis, with gross income reinvested in USD.

Note: Reference to any specific company or stock is for information purposes only and should not be construed as a recommendation to buy or sell the same.

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