

Janus Henderson Horizon Pan European Equity Fund

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Key features

Consistency and quality: Invests in European companies with robust business models, proven management teams and solid finances – attributes which should help them to perform well over the long term, regardless of the prevailing economic backdrop.

Enduring strategy: The fund's primary source of performance is bottom-up stock selection based on fundamental and qualitative analysis of companies, rather than short-term market momentum.

Robust risk management: Diversification parameters, a strong sell discipline, regular portfolio monitoring and a multi-factor risk management approach.

Experienced management team: Co-fund manager Tim Stevenson has been with the fund since launch, building on the bottom-up stock picking strategy he has followed since joining Janus Henderson in 1986. Tim was joined by James Ross on the fund in 2016.

Overview

The Janus Henderson Horizon Pan European Equity Fund seeks to provide investors with long-term capital appreciation by investing at least 75% of its assets in firms with their registered office in the European Economic Area (EEA). The fund focuses on good quality large and mid-cap companies with leading market positions and structural growth drivers – businesses that the fund managers believe can deliver growth in the context of the prevailing economic backdrop.

Management team

Co-fund manager Tim Stevenson (over 30 years' industry experience) has headed the fund since launch in November 2001. He was joined by co-manager James Ross (10 years' industry experience) in 2016.

Tim and James are supported by Janus Henderson's broader UK-based Pan European Equity Team, who bring together a broad range of experience and skillsets.

The team approach is based on collaboration, discussing potential investment ideas and participation in company meetings. Individual managers, however retain ownership of their investment process and portfolio decisions.

For the Janus Henderson Horizon Pan European Equity Fund, Tim and James are free to implement their views on the economy, sectors or individual stocks as they see fit.

Investment philosophy

'Buy and hold' strategy

The managers value consistency and reliability, and believe patient investors will be rewarded for holding well-managed companies that have positioned themselves well for long-term growth.

Quality pays in the long run

Investing in strong companies with a track record of delivering growth and sustainable dividends improves consistency of returns and the potential for lower share price volatility.

Self-help companies

Favours firms where future earnings prospects are driven by positive internal change, rather than improvements in the economic backdrop.

Past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise and you might not get back the amount originally invested.

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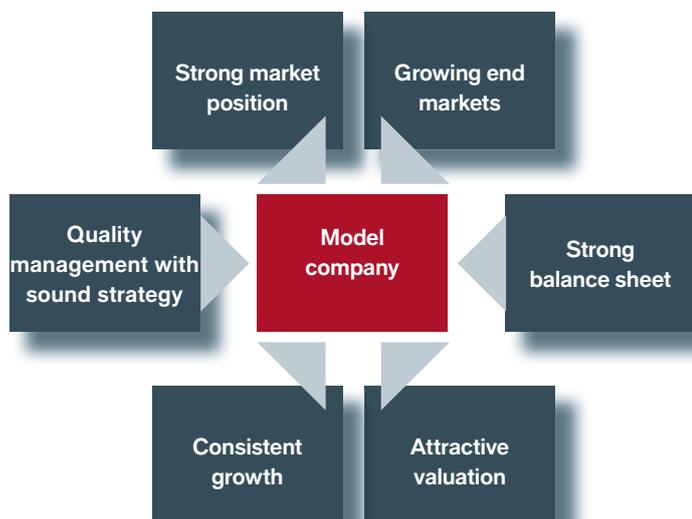
Investment process

The fund managers invest primarily in good quality companies whose earnings prospects are not dependent on strong overall economic growth. Instead, these are companies that can 'help themselves'; benefiting from the abiding European themes of restructuring, outsourcing, technological developments, demographic trends and growth in savings.

Economic inputs and sector and thematic analysis may be used to gain fuller understanding of the risks and opportunities affecting specific businesses. This approach requires extensive company research and meetings with company management.

As illustrated in the chart, the managers look for attractively priced 'model' companies with strong market positions and structural drivers that can lead to consistent growth. Stock selection is based on the identification of those companies with the qualities that enable them to perform well across economic cycles.

Defining the ideal investment



Portfolio constituents

The portfolio consists of two main groups:

Quality cyclical stocks	Includes well managed retailers or utilities with good business models and little debt, or exhibiting shareholder-friendly characteristics
Traditional quality growth stocks	Established companies with a strong competitive position and consistent earnings growth, often reflected in regular or rising dividends

The proportions of the portfolio in each of these categories will vary according to the fund managers' outlook for the market. The presence of companies providing steady growth and / or a good dividend yield improves consistency of returns and, during difficult markets, may help to reduce risk.

'Sleeper' positions: Up to 5% of the fund may be invested in 'sleepers'. These are companies that the fund manager expects to produce high and accelerating growth over the long term, but where there is no immediate catalyst.

Trading positions: Up to 5% of the fund may be invested in short term tactical opportunities. These tend to be companies that may not necessarily fulfil the fund managers' usual investment criteria, but which they believe offer significant short-term upside potential.

Portfolio construction

The fund managers look to take high-conviction positions that can make a significant contribution to overall returns. As a guideline, full stock positions are never less than 1% of the portfolio and holdings can be as large as 5%. The size of each position reflects the level of conviction the managers have in the underlying stock. The fund managers continually evaluate the merits of existing holdings relative to other investment opportunities in the market.

The fund's investment universe consists of the FTSE World Europe Index, plus a number of stocks not listed on the index. The fund managers focus on large- and mid-cap European companies – their area of expertise – which generally excludes firms with a market capitalisation of less than €2bn. This basic market-cap screen narrows the universe to approximately 400 stocks.

The universe is further refined by broad valuation screening, focusing on earnings-per-share (EPS) growth and dividend growth. The stock selection process is fluid, however, and stocks excluded at this stage may still be considered, if supported by a strong investment case.

When investing in a company the fund managers are investing in the management team, and must therefore be confident that it has the ability to devise and execute a clear business plan that will deliver profitability and growth. The fund managers' experience forms a key component of the screening process and company meetings can help to guide their strategy in the event of management changes.

Those stocks that make it into the portfolio must:

BUY

- Match portfolio parameters
- Offer potential earnings per share (EPS) / dividend growth above market average
- Have attractive valuations per unit of growth
- Complement existing portfolio holdings

Objective and timely buy and sell decisions are a crucial element in the investment process. The fund managers place equal emphasis on monitoring the progress of existing holdings and applying objective criteria to evaluate each stock. Continued assessment of company valuations and projected EPS growth allows them to apply objective criteria to buy and sell decisions, while avoiding the tendency of many investors to become emotionally attached to individual holdings. Positions will be closed if:

SELL

- Stock is no longer expected to deliver above-market total returns
- Valuation target is reached
- Fundamental change negatively impacts outlook / valuation
- Error in original analysis
- Other investments are more attractive

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The fund managers continually look for new ideas, while regularly reviewing companies already held in the portfolio. The value of potential investments and existing positions are debated with other members of Janus Henderson's UK-based Pan European Equities team.

Position size reflects conviction and risk

The fund managers tend to scale into and out of positions and decisions to adjust exposure result from continual portfolio monitoring and ongoing stock analysis. The investment process does not employ automatic sell criteria or a stop-loss discipline. A decline in share price will not automatically trigger a sell decision; rather it will result in re-evaluation of the investment thesis and may result in a position being increased.

Index aware, not index driven

Tracking error does not play a large role in portfolio construction, but is instead a product of a bottom-up investment process. Tracking error is measured both ex-ante and ex-post by Janus Henderson's independent risk team.

Typical portfolio characteristics

Informal guides are used to ensure adequate diversification and help maintain the fund's disciplined investment strategy. Please note that these indicative ranges may vary over time and should be used for illustrative purposes only. Portfolio characteristics as at 30 September 2017:

Number of stocks	Maximum 60 holdings
Country allocation	No geographic weight limits (developed European exchanges only)
Sector allocation	No sector weight limits
Minimum market cap	€2bn
Maximum position size	5%

Derivatives

The team may use currency positions to defensively hedge exposure.

Cash

The fund manager aims to keep cash levels below 5%, except in exceptional circumstances when this level may rise to 10% of the fund.

Independent risk monitoring

Janus Henderson has an independent Investment Risk Team (reporting into the Chief Risk Officer), which is ultimately responsible for the oversight and challenge of market risk. The day-to-day market risk activities are carried out by the Portfolio Risk & Analytics Team reporting into the Chief Investment Officer (CIO). This ensures that the resourcing of market risk is appropriate and in line with the investment strategies followed under the CIO, while providing an independent check of the suitability and effectiveness of the market risk function.

The Janus Henderson Market Risk Function, comprising the Portfolio Risk & Analytics Team and the Investment Risk Team, work closely with senior management and portfolio managers as part of the overall investment risk management and oversight process.

Portfolio managers and senior management have access to a variety of third party and internally built risk management tools in order to qualify and quantify the various types of market risks. Daily reports and dashboards are used for day to day monitoring of the portfolio's exposures and risks and regular oversight meetings are held with the fund managers to discuss any relevant risk in the portfolio. A monthly investment performance and risk meeting is held with senior management, allowing the teams to escalate any potential remaining issues and provide senior management with an independent view of the portfolio.

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Fund management team



Tim Stevenson

Director of Pan-European Equities | Co-Fund Manager

Tim Stevenson is Director of Pan-European Equities at Janus Henderson Investors, a position he has held since 1991. Tim joined Henderson in 1986 as a fund manager for Europe. Prior to that, he worked for Aetna Montagu Asset Management Limited and was responsible for European investments for ERISA clients and MIM pension funds. He started his career as a European equity analyst at Savory Milln.

Tim graduated from Sussex University with a BA (Hons) in economics and European studies. He has 34 years of financial industry experience.

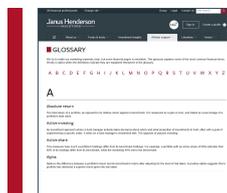


James Ross, CFA

Co-Fund Manager

James Ross is a Fund Manager on the European equities team at Janus Henderson Investors, a position he has held since 2016. Prior to this James was a fund manager on the UK equities team, where he co-managed a UK equities pooled fund. Before that he was an assistant fund manager for Pan European equities. He started his career with Henderson in 2007.

James graduated with a BA (Hons) in economics from Durham University. He holds the Chartered Financial Analyst designation. He has 10 years of financial industry experience.



Glossary

Please see [HGI.co/glossary](https://hgi.co/glossary) for a glossary of financial terms used in this document.

Past performance is not a guide to future performance.

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.

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Janus Henderson
—KNOWLEDGE. SHARED.—

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Janus Henderson Horizon Fund

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