

# Janus Henderson Horizon Japanese Smaller Companies Fund

February 2020

**Fund Manager Name:** Yunyoung Lee

## Overview

The Japanese equity market declined in February as a result of the Coronavirus outbreak. In the small cap space, electrical parts, precision instruments and electrical appliance firms underperformed due to concerns about the global supply chain centred on China, while the service sector also declined owing to less foreign tourists and lower domestic consumer spending. On the other hand, many channel inventories of electrical parts and semiconductors, which were at high levels in 2019, would decrease during a shutdown of Chinese factories.

## Performance and activity

Positive contributors included Kyorin Holdings (pharmaceutical), Fuso Chemical (chemicals), Toa (marine civil engineering), Opt (internet ads) and Katakura Industries (real estate). Kyorin's share price surged as it produces testing devices for the Coronavirus. We reduced the position when its share price jumped drastically due to news related to the virus. Fuso Chemical outperformed the benchmark after it reported strong results indicating strong demand for its chemicals, which have almost a 100% global market share and are used to cope with the miniaturisation of semiconductors. Toa performed well thanks to strong results and a good outlook for orders of civil engineering works to prevent disasters, while Opt reported strong quarterly results and Katakura announced an additional restructuring plan.

Major negative contributors included Toppan Forms (business process outsourcing), Nichicon (electrical parts), Isetan Mitsukoshi Holdings (department stores), Kura Sushi (belt conveyor sushi) and Central Glass (chemicals). Nichicon and Central Glass declined as the Coronavirus outbreak affected global supply chains, while Isetan Mitsukoshi and Kura Sushi fell due to less inbound tourists and weaker domestic consumption.

We opened new positions in Ebara to give the fund more exposure to semiconductor producing equipment. We reduced the fund's position in Hisaka when its valuations hiked and we added to Konami, expecting further growth in mobile gaming.

Source: Janus Henderson Investors, as at 29 February 2020

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.

### **Important information**

Janus Henderson Investors (Singapore) Limited and its affiliates are referred to herein as Janus Henderson Investors. This document has been produced based on Janus Henderson Investors' research and analysis and represents our house view. All the information contained in the document is intended for information, illustration or discussion purposes only and should not be relied on for any investment decisions or regarded it as a substitute for the exercise of your own judgement. This advertisement has not been reviewed by the Monetary Authority of Singapore.

The contents of this document are prepared without consideration to the specific investment objective, financial situation and particular needs of any specific person. It does not constitute an advertisement and should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase any investment in any jurisdiction and do not purport to represent or warrant the outcome of any investment strategy, program or product. Any information and views provided herein is subject to change without further notice. None of the material, nor its content, nor any copy of it, maybe altered in any way, transmitted to, copied or distributed to any other party, without prior express written permission of Janus Henderson Investors. The information contained herein is obtained and / or compiled from sources believed to be reliable and current and Janus Henderson Investors do not warrant, guarantee or represent, either expressly or impliedly, the accuracy, validity or completeness of such information. Janus Henderson Investors or any directors or employees of Janus Henderson Investors shall not be liable for any damages arising from any person's reliance on this information and shall not be liable for any errors or omissions (including but not limited to errors or omissions made by third party sources) in this information. Unless otherwise indicated, the source for all data is Janus Henderson Investors.

Past performance of any fund, a security, an investment or manager and any opinions, forecasts, assumptions, estimates or valuations made are not necessarily indicative of the future or likely performance of the fund, the security, investment or manager. The fund(s) may intend to use or invest in financial derivative instruments. An investment in collective investment schemes/funds, and/or other investment products is subject to investment risks, including the possible loss of the principal amount invested. The value of the units and the income from the funds may fall as well as rise as a result of market and currency fluctuations. Investments in and the rate of return for the Fund are not obligations of, deposits in, guaranteed or insured by Janus Henderson Investors or any of its affiliates or authorised distributors.

The Singapore Representative of the Janus Henderson Horizon Fund 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.

**Note to Malaysia Readers:** As the approval of the Malaysian Securities Commission Pursuant to Section 212 of the Malaysian Capital Markets and Services Act 2007 has not been / will not be obtained nor will this document be lodged or registered with the Malaysian Securities Commission, the funds hereunder are not being and will not be deemed to be issued, made available, offered for subscription or purchase in Malaysia and neither this presentation nor any document or other material in connection therewith should be distributed, caused to be distributed or circulated in Malaysia.

**Note to Thailand Readers:** The information in this document has not been approved by the Securities and Exchange Commission, Thailand which takes no responsibility for its contents. No offer to the public to purchase the fund will be made in Thailand and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

© 2020, Janus Henderson Group plc. Janus Henderson is a trademark of Janus Henderson Group plc.

Janus Henderson Investors (Singapore) Limited Company Registration No. 199700782N  
Date of issue: March 2020