

Janus Henderson Global Real Estate Equity Income Fund

September 2021

For promotional purposes
For US Financial Professionals servicing non-US persons

Fund Managers Names

Guy Barnard, CFA, Tim Gibson, Greg Kuhl, CFA

Market environment

Global equity markets fell in September as growth concerns, combined with an increase in bond real yields, led investors to de-risk after a strong run. Supply issues in various sectors and the unfolding Evergrande debt situation provided further headwinds. Global listed real estate underperformed wider equities given rate concerns, giving up its outperformance against the market this year. Geographically, property stocks in Asia Pacific held up relatively well, particularly in Australia and Singapore, with European names lagging the wider universe. From a subsector standpoint, the 're-opening' real estate sectors outpaced the growth sectors in the US, with hotels and office stocks outperforming, and self-storage, data centres industrial and cell tower stocks falling over the month.

Performance summary

The fund underperformed its benchmark.

Exposure to recovery plays such as Hilton Hotels and New York office landlord SL Green was beneficial. On the contrary, cold storage owner Americold was the key detractor from performance following the company reducing earnings guidance, citing ongoing production issues in the food supply chain.

Portfolio discussion

We added a new position in US storage owner Life Storage, where we expect favourable operating characteristics to persist into 2022, enabling meaningful rental reversion to be captured. We also made changes within the US health care space, adding US large cap Ventas, which has lagged significantly, given our expectation for improving senior housing demand. We reduced holdings in smaller health care peers Sabra and National Healthcare Investors, where operational challenges for some of their tenants appeared more acute. We also reduced our position in Americold, awaiting greater visibility.

In the logistics space we sold GLP in Japan and added CRE following the announcement of what we saw as an accretive deal. We also added Activia Properties in Japan, whose high quality centrally located Tokyo office portfolio is exposed to encouraging leasing activity. In Europe, we exited Belgium nursing home owner Aedifica, adding to health care exposure through Target Healthcare in the UK and French office and health care-focused Icade.

Manager outlook

We expect underlying real estate fundamentals to reflect a wide divergence across different sectors in the years ahead, driven by the themes of changing demographics, digitisation, sustainability and the convenience lifestyle. It therefore remains important, in our view, to remain selective when investing in the sector and understanding that not all parts of the market will return to the same 'normal' post pandemic.

We remain focused on 'quality compounders', operating in areas of structural growth, where underlying demand from both tenants and investors has in many cases strengthened through the pandemic. We also have selective exposure in parts of the market which we see as 'cheap but not broken'; those stocks that have seen cyclical damage from the pandemic, but where we think there is a path back to sustainable growth.

Listed real estate has typically offered lower correlations to many other asset classes and provided investors the benefits of portfolio enhancement by increasing risk-adjusted returns within a balanced portfolio. In addition, against a backdrop of low interest rates and rising inflationary pressures, many parts of the real estate sector continue to provide an attractive and growing income stream for investors.

Source: Janus Henderson Investors, as at 30 September 2021

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Fund information

Index	FTSE EPRA Nareit Global REITs Index
Morningstar sector	Europe OE Property - Indirect Global
Objective	The Fund aims to provide a positive level of income with the potential for capital growth over the long term (five years or more).
Performance target	To achieve a dividend yield exceeding that of the FTSE EPRA Nareit Global REIT Index, before the deduction of charges, on an annual basis.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector	Quartile ranking
1 month	-6.5	-5.7	-5.4	4th
YTD	10.4	14.2	13.8	4th
1 year	19.2	28.8	26.2	4th
3 years (annualised)	10.3	6.9	6.7	1st
5 years (annualised)	8.7	5.6	4.8	1st
10 years (annualised)	10.0	9.0	7.3	1st
Since inception 29 Sep 2003 (annualised)	5.4	-	6.6	-

Source: at 30 Sep 2021. © 2021 Morningstar. All rights reserved, performance is with gross income reinvested. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Calendar year returns %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
2020	0.5	-9.2	-6.4	2.7	-7.3
2019	29.3	23.6	22.2	32.1	26.1
2018	-5.0	-5.5	-8.3	-2.7	-3.6
2017	15.7	15.0	12.4	18.3	17.3
2016	3.1	4.6	0.4	5.4	6.7

Source: at 30 Sep 2021. © 2021 Morningstar. All rights reserved, performance is with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

Source for target returns (where applicable) – Janus Henderson. Where quartiles are shown, 1st quartile means the share class is ranked in the top 25% of share classes in its sector.

Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective.

From 30th June 2021, the fund name changed from Janus Henderson Global Real Estate Fund to Janus Henderson Global Real Estate Equity Income Fund. The benchmark also changed from FTSE EPRA Nareit Global Index to FTSE EPRA Nareit Global REITs Index. The Fund's investment objective and performance target also changed. Past performance shown before 30th June 2021 was achieved under circumstances that no longer apply.

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Janus Henderson Global Real Estate Equity Income Fund

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

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The information in this commentary does not qualify as an investment recommendation.

Important information

The investments underlying this financial product (referred to as the Fund) do not take into account the EU criteria for environmentally sustainable economic activities. While the analysis of ESG factors is an integral component across the Investment Manager's investment capabilities, the Investment Manager does not maximise portfolio alignment with sustainability risks as a separate goal in its own right nor does it precisely attribute the impact of ESG factors on returns for the Fund. The Investment Manager does not consider the adverse impacts of investment decisions on sustainability factors as set out under SFDR with respect to the Fund because it is not classified under either Article 9 or Article 8 of Regulation (EU) 2019/2088.

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