

# Janus Henderson European Growth Fund

November 2020

For promotional purposes

## Fund Managers Names

Simon Rowe, Marc Schartz, CFA

## Macro backdrop

November was one of the strongest months on record for equities. First sentiment was boosted by the US election which resulted in a narrower Democratic win than expected, thereby removing the likelihood of major changes to taxation or health care. Equities were then given a second, more substantial leg-up by the arrival of two vaccines with good performance against Covid-19. The vaccine news prompted a sharp rotation in equities with previous pandemic winners such as staples, growth stocks and (to some extent) technology companies selling off in favour of banks, travel, autos and other value plays that had been hit hard by the virus. With central banks supportive on both sides of the Atlantic, and the yield curve continuing to steepen, the backdrop was more favourable for financials than at any time since March - even though the coming few months look increasingly tough for western economies because of the potential of renewed lockdowns.

## Fund performance and activity

While the good vaccine news pushed equities higher, the fund had a difficult month on a relative basis as it gained 12.0% compared with the FTSE World Europe ex UK Index which returned 13.6%. The IA Europe ex UK peer group returned 14.0%. Our underweight positions in banking and energy were a headwind, although our holdings in insurance performed well with Dutch insurer ASR rising 20% and Worldline gaining 22%. Recently purchased reinsurance specialist Scor rose as much as 37%, although these gains were not enough to offset the underweight positions. We moved to reduce our underweight positions in financials and energy by buying holdings in BNP and Total. Elsewhere, some of our value holdings such as Thales and Rheinmetall performed strongly (up 38% and 19% respectively) as did our recently purchased holding in Daimler (up 27%). Our cyclical exposure also was supportive in the form of Infineon (up 23%), Volvo and UPM (both up 14%) but we lacked holdings in travel and hospitality, sectors that performed particularly strongly given the vaccine news.

In terms of other activity we purchased a holding in MTU in anticipation of a return to airborne tourism later in 2021 and 2022. Other purchases included Getlink, Alcon and Prosus, the latter we liked because of its holdings which include Tencent. In terms of sales we exited NN, UDG and SAP and took profits in Sonova and Adidas, the latter of which we had bought during the pandemic.

## Outlook/strategy

The roll-out of vaccines in 2021 should support a strong economic recovery gathering pace through the year, but this has to be set against a bleaker short-term picture with rising Covid-19 cases in both Europe and the US. If we assume a good take-up of the vaccines, then restrictions on activity could be eased during the second quarter of 2021. That said, the stock market already anticipates a very strong cyclical recovery in 2021 so would be sensitive to any significant delay in either that schedule or any other setbacks. Although we are disappointed at having given up relative performance in November, we feel the portfolio has well-balanced exposure to what we see as likely developments over the next few months, with a mix of cyclical and defensive positions on what we consider to be sensible valuations.

Source: Janus Henderson Investors, as at 30 November 2020

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## Fund information

**Index** FTSE World Europe Ex UK Index  
**Index usage** Target, Comparator

The FTSE World Europe (Ex UK) Index is a measure of the combined performance of large and medium sized companies from developed and advanced emerging European stock markets excluding the UK. It is the performance target for the Fund and provides a useful comparison against which the Fund's performance can be assessed over time.

**Peer group benchmark** IA Europe ex UK Equity  
**Peer group benchmark usage** Comparator

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.

**Objective** The Fund aims to provide capital growth over the long term.  
**Performance target** To outperform the FTSE World Europe Ex UK Index, after the deduction of charges, over any 5 year period.

## Performance in (GBP)

Performance %	I (Net)	Index	Peer group	Quartile ranking
1 month	12.0	13.6	14.0	3rd
YTD	6.9	6.2	7.6	2nd
1 year	8.3	7.3	9.2	2nd
3 years (annualised)	3.1	5.2	4.6	3rd
5 years (annualised)	9.3	10.3	9.6	3rd
10 years (annualised)	9.8	8.9	8.8	2nd
Since inception 20 Jul 2001 (annualised)	9.6	7.0	6.8	-

Source: at 30 Nov 2020. © 2020 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.

Discrete year performance %	I (Net)	Index	Peer group
30 Sep 2019 to 30 Sep 2020	4.3	0.4	3.2
30 Sep 2018 to 30 Sep 2019	0.0	6.4	2.2
30 Sep 2017 to 30 Sep 2018	0.9	2.0	1.9
30 Sep 2016 to 30 Sep 2017	22.0	22.7	21.9
30 Sep 2015 to 30 Sep 2016	26.7	21.1	19.2

Source: at 30 Sep 2020. © 2020 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.

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**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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## Important information

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