

# Janus Henderson Continental European Fund

Q4 2020

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For professional investors only

## Fund Managers Names

John Bennett, Tom O'Hara

## Macro backdrop

2020 ended with something of a pause in the value rally as growth and momentum stocks seemed to retake the initiative. As pointed out in our commentaries throughout the year, durable outperformance by value stocks will likely depend upon the outlook for inflation and, by association, bond yields. In the meantime markets are likely to be buffeted by developments around the ongoing pandemic situation. Here, the news has darkened as we are subjected to rolling bulletins about virus waves and/or mutations. In turn, governments are once again tightening restrictions with lockdowns being the default response. It would be no surprise then, to see markets experience some profit-taking.

## Fund performance and activity

We enjoyed good returns from two relatively new positions in Peugeot and Daimler. Both stocks benefited from a good car market demand recovery globally, as well as idiosyncratic restructuring. In the case of Daimler the new management team is leading the biggest cost-cutting and refocusing project in the company's modern history in order to significantly lower break-even points and successfully transition to the electric vehicle world. Additionally, we had a good meeting with the CEO of its trucks division, which has not only benefited from a sharp market recovery but also a major restructuring of its own. Also in the autos space we own Autoliv, which delivered very impressive third quarter results.

Elsewhere, UPM also added to returns. The stock had underperformed throughout 2020 based on the pandemic-induced demand destruction for office and magazine paper, but began reacting to more positive macro news in recent months. Pulp demand turned out much stronger than expected in 2020. Excess inventory levels have now been worked off and several price hike rounds have now been implemented and further announced for 2021. Paper demand seems to have stabilised, while packaging and hygiene tissue demand strengthened. Aside from these macro developments, UPM presented an impressive stand-alone organic growth project pipeline which is supported by a strong balance sheet.

A notable detractor was SAP which announced a significant profit warning/growth downgrade. We sold our holding.

## Outlook/strategy

We continue to believe that the vaccination solution is the one that matters. Thus, we believe that economies will convincingly reopen and consumers will get back to consuming, travellers to travelling and life to living. While this may take until summer 2021 to be clear, we believe that any near term sell-off in European equities is another buying opportunity.

Source: Janus Henderson Investors, as at 31 December 2020

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## Fund information

Index	MSCI Europe (ex UK) Index
Morningstar sector	Europe OE Europe ex-UK Large-Cap Equity
Objective	The Fund aims to provide a return, from a combination of capital growth and income over the long term (5 years or more).

## Performance in (EUR)

Performance %	R€ (Net)	Index	Sector	Quartile ranking
1 month	1.8	2.2	2.5	3rd
YTD	3.6	1.7	3.6	2nd
1 year	3.6	1.7	3.6	2nd
3 years (annualised)	5.9	4.9	4.8	2nd
5 years (annualised)	4.7	5.6	5.5	3rd
10 years (annualised)	8.2	7.5	8.0	2nd
Since inception 29 Oct 2004 (annualised)	7.7	7.0	7.3	-

Source: at 31 Dec 2020. © 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.

Discrete year performance %	R€ (Net)	Index	Sector
31 Dec 2019 to 31 Dec 2020	3.6	1.7	3.6
31 Dec 2018 to 31 Dec 2019	28.7	27.1	27.6
31 Dec 2017 to 31 Dec 2018	-11.0	-10.9	-12.9
31 Dec 2016 to 31 Dec 2017	7.4	11.4	12.6
31 Dec 2015 to 31 Dec 2016	-1.1	2.4	0.7

Source: at 31 Dec 2020. © 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.

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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.**

# Janus Henderson Continental European Fund

For further information on the Luxembourg-domiciled Janus Henderson fund range please contact your local sales office or visit our website: [www.janushenderson.com](http://www.janushenderson.com).

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