

# Janus Henderson Pan European Smaller Companies Fund

Q2 2021

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For professional investors only

## Fund Managers Names

Ollie Beckett, Rory Stokes, CFA

## Macro backdrop

Markets edged higher through the early part of the quarter following a very strong first quarter earnings season, an acceleration in Europe's Covid-19 vaccine roll-out and societal re-opening progress across the region. As the period progressed share price volatility increased as markets juggled concerns around the highly transmissible Delta variant and a hawkish shift by the US Federal Reserve (Fed), indicating that the first interest rate hike could be brought forward. This took a considerable amount of heat out of the reflation trade.

## Fund performance and activity

Given this back drop it was unsurprising to see our rate-sensitive holdings give back some ground. These included Van Lanschot Kempen, AIB and Aareal Bank. We remain holders of each company and more broadly we believe the sector could be well supported if the regulatory restriction on dividends were to be lifted in the second half of the year.

A couple of negative contributors at the stock level, such as Clinigen (due to a profit warning) and RWS (unexpected CEO change), possibly exaggerated the fund's correlation to the reflation trade. However, we view our overall positioning as broadly balanced. On the positive side, advertising-technology company Criteo did well following the news that Google Chrome will delay the phase-out of third-party cookies. While offering an immediate boost to forecasts, part of the reason we own the shares is that we believe it could be more resilient in a post-cookie world, and the company's opportunity to prove this has now been delayed further. Factoring company BFF Bank has been achieving a gradual re-rating following the placing of shares by a private equity holder, removing a clear overhang. Also adding to returns was the initial public offering (IPO) of Montana Aerospace, an aerospace supplier which has benefited from the big producers looking to narrow their list of suppliers - allowing market share gains. John Laing Group also added to returns after being the subject of a private equity bid. The first half of the year has seen elevated levels of corporate activity. While rates remain low, confidence is improving in board rooms and private equity has large cash piles we would expect merger and acquisition (M&A) activity to remain high - particularly in small caps with more attractive valuations and strong balance sheets.

Other new purchases included C&C group, a cider and beer manufacturer with exposure to a UK consumer boasting record high savings ratios, and BIFFA plc, a waste recycling company where we like its green initiatives - especially its state-of-the-art polyethylene terephthalate (PET) plastic bottle recycling facility in County Durham. The plant processes PET plastic into high-purity plastic pellets which can be used for a range of applications ranging from food and beverage packaging to clothing.

## Outlook/strategy

We continue to operate a relatively balanced portfolio with exposure to both high growth and what we see as attractively valued shares. The inflation debate will likely swing back and forth from being top of investors' agenda to a nagging risk factor depending on the data each month, but it is our view that valuation, as a fundamental factor in stock selection, will be more significant in the coming years than it has been for the past decade.

Source: Janus Henderson Investors, as at 30 June 2021

# Janus Henderson Pan European Smaller Companies Fund

## Fund information

Index	Euromoney Europe Smaller Companies Index
Morningstar sector	Europe OE Europe Small-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 %	A2 (Net)	Index	Sector	Quartile ranking
1 month	-2.2	-0.4	0.6	4th
YTD	19.4	15.5	17.1	1st
1 year	59.4	45.1	47.9	1st
3 years (annualised)	12.8	10.5	10.8	2nd
5 years (annualised)	14.5	12.6	13.3	2nd
10 years (annualised)	12.2	10.9	11.8	1st
Since inception 24 Mar 2005 (annualised)	10.9	9.4	9.5	-

Source: at 30 Jun 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.

Discrete year performance %	A2 (Net)	Index	Sector
30 Jun 2020 to 30 Jun 2021	59.4	45.1	47.9
30 Jun 2019 to 30 Jun 2020	-6.1	-4.2	-2.2
30 Jun 2018 to 30 Jun 2019	-4.1	-2.8	-6.0
30 Jun 2017 to 30 Jun 2018	3.3	6.8	6.9
30 Jun 2016 to 30 Jun 2017	32.9	25.4	28.7

Source: at 30 Jun 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.

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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 Pan European Smaller Companies 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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