

Janus Henderson Global Technology Leaders Fund

September 2021

For promotional purposes

Fund Managers Names

Graeme Clark, Alison Porter, Richard Clode, CFA

Macro backdrop

Coming out of a reporting season that broadly reflected the resilience of the technology industry, ongoing debates around supply chain dynamics and regulatory activity in China continued to be focus areas for the sector in September. A rise in the US 10-year Treasury yield adversely impacted higher valuation and longer duration companies within the technology sector and drove a rotation towards what were perceived to be more reasonably valued names in the sector.

Fund performance and activity

The fund returned -3.1% over the month compared with -3.7% in the composite MSCI ACWI Information Technology Index and MSCI ACWI Communication Services Index, and -3.3% in the IA Technology and Telecommunications peer group benchmark.

Uber was a positive contributor to returns. Investors welcomed the news that the company had raised its guidance; Uber reported quarterly positive adjusted profit for the first time, and allayed concerns around driver supply. Ambarella also outperformed. The company's computer vision chips continued to build traction notably in automotive, which led to very strong results.

Alibaba continued to underperform given renewed regulatory concerns, a slowing Chinese economy as well as fears that Evergrande's problems would spread to the wider financial system. Both Universal Display and Qualcomm also detracted from performance due to the twin concerns of a slowing Chinese economy and weaker smartphone demand weighing on the supply chain.

In terms of activity we reinitiated a position in Tencent given the significant fall in the share price at the time, and lessened concerns around the impact of recent regulatory moves. Following strong second quarter results we sold our position in Hewlett Packard due to concerns around a deceleration in growth in 2022, and given that we saw more attractive opportunities to deploy capital elsewhere.

Janus Henderson Global Technology Leaders Fund

Outlook/strategy

The global pandemic accelerated the pace of digital transformation across all demographics and all geographies. While we expect that digital transformation to be ongoing and have lasting effects, we do not expect the pace of adoption to continue at the rate we witnessed in 2020. We are witnessing unparalleled supply chain shortages where sales growth in several technology verticals from high end PCs to electric vehicles are being dictated by supply availability rather than demand. While we view these supply constraints from raw materials and semiconductor chips as transitory, we do view this as medium term (6- 12 months and lasting into 2022) rather than a short-term issue. Broadly we expect the liquidity backdrop to remain favourable and fiscal support for infrastructure with more strategic intent for a greener and more inclusive economy to be forthcoming.

The acceleration of technology adoption will require ongoing future investment in infrastructure as we move towards a steadier work environment. Payment digitisation will be further spurred by ongoing migration of commerce and business to consumer, government to consumer, and business to business moving further online. Consumer-related experiences continue to migrate to a virtual setting with a broadening of our internet transformation theme to areas such as education, e-sports, primary health care, grocery shopping and social meetings setting the stage for a long-term access to “the metaverse”. As society moves towards a new normal for hybrid work and home working, and digital transformation becomes more of a choice than a necessary behaviour, the benefits of technology we believe will become more apparent from greater flexibility for workers, more convenience for families, greater efficiency for businesses, and more accessibility for students and patients - as well as benefits to environment through the low carbon economy. Next-generation infrastructure is a key focus for the fund as we believe the broadening adoption of technology by consumers and businesses will require an acceleration of investment to ensure scalable, seamless, fast and reliable connectivity.

As technology fund managers we are excited by the step change that has occurred since the pandemic began and the digital transformation that many more industries are now undergoing. However, we remain cognisant of the rapid acceleration in valuations in some segments of the sector over the last year. While this has unwound to some degree, in recent months we do still see vulnerability to a further normalisation in interest rates for those companies where profitability remains a distant potential and where valuation is not underpinned by cash flow expectations. We continue to invest in companies where we see unappreciated earnings power - unappreciated in terms of strength and sustainability or growth and also in terms of what the valuation already reflects. We continue to see a bifurcation in valuations within the sector that is extreme by historical standards. This reflects the increasing diversity of the sector but also some short-term hype that warrants select caution.

We remain focused on the global technology leaders of today and companies with the potential to be the leaders of tomorrow. We believe the fund remains well positioned to benefit from the long-term secular trends of internet transformation, payment digitisation, artificial intelligence, next-generation infrastructure and process automation. Our investment process gravitates to high quality technology companies with strong cash flows and balance sheets while aiming to maintain the highest standard of liquidity controls. We remain consistent in applying our unique approach of navigating the hype cycle, applying valuation discipline and identifying attractive growth/ valuation combinations. We will continue to engage proactively with our companies on their role in being responsible disruptors and generating value for all stakeholders.

Source: Janus Henderson Investors, as at 30 September 2021

Janus Henderson Global Technology Leaders Fund

Fund information

Index MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index
Index usage Target, Comparator

The MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index is a measure of the combined performance of large and medium sized information technology and communication services companies from developed and emerging stock markets around the world. 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 Technology and Technology Innovations
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 MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index, after the deduction of charges, over any 5 year period.

Performance in (GBP)

Performance %	I (Net)	Index	Peer group	Quartile ranking
1 month	-3.1	-3.7	-3.3	2nd
YTD	12.9	14.7	11.8	2nd
1 year	24.0	24.9	25.7	3rd
3 years (annualised)	21.0	20.8	23.1	3rd
5 years (annualised)	23.5	23.1	22.2	3rd
10 years (annualised)	20.8	21.9	19.3	3rd
Since inception 08 Oct 1984 (annualised)	14.8	-	11.8	-

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.

Discrete year performance %	I (Net)	Index	Peer group
30 Sep 2020 to 30 Sep 2021	24.0	24.9	25.7
30 Sep 2019 to 30 Sep 2020	32.2	29.1	34.8
30 Sep 2018 to 30 Sep 2019	8.1	9.3	10.2
30 Sep 2017 to 30 Sep 2018	27.5	26.8	21.6
30 Sep 2016 to 30 Sep 2017	27.2	26.3	20.0

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 1 July 2020, the fund name changed from Janus Henderson Global Technology Fund to Janus Henderson Global Technology Leaders Fund.

The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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 Global Technology Leaders Fund

Important information

Please read all scheme documents before investing. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the prospectus, and where relevant, the key investor information document before investing. [We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.]

Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Equity Partners Limited (reg. no.2606646), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier).

[Janus Henderson, Janus, Henderson, Intech, VelocityShares, Knowledge Shared, Knowledge. Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.

D10018