

Janus Henderson Horizon Euroland Fund

December 2019

Fund Manager Name: Nick Sheridan

Macro backdrop

December generally sees institutional investors retire to the sidelines as they wait for the magic date of 1 January to arrive, after which they will be bursting with new ideas and enthusiasm for the year ahead. This causes liquidity in markets to fall which can, on occasion, give rise to some fairly odd moves in share prices. This December investors in Europe had to contend with a UK general election centred on Brexit, which could have caused problems but in the end was well received, confirming the UK's intention to leave the European Union. The exact timing and terms of departure are still open but investors seem to see these as problems for another day.

Fund performance and activity

Over the month the fund* returned 0.8% against the benchmark return of 1.1%. During the month we bought into Brenntag, a distributor of both industrial and speciality chemicals. The group has a good longterm record of returns, working capital looks to be improving, and a management change may see further operational improvements targeted.

Outlook/strategy

As with last year, 2019 saw so-called "growth" stocks outperform "value" stocks, which has not been supportive of our investment style. However, looking forward there are reasons for optimism. Value as a style tends to do best when economies are recovering and bond yields are moving out. The European purchasing managers' index (PMI) looks to be rising (as do those globally) which are indicative of economic recovery. Inventory levels, which have been low, seem to be recovering and bond yields tend to fall as inventory falls and rise as inventory levels rise. Additional support comes from the relative valuation of "growth" versus "value" which looks stretched.

Source: Janus Henderson Investors, as at 31 December 2019

* Gross of fees - gross of 5% initial sales charge. Calculated on a bid to bid basis, with gross income reinvested in EUR.

Note: Reference to any specific company or stock is for information purposes only and should not be construed as a recommendation to buy or sell the same.

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