

Janus Henderson Global Sustainable Equity Fund

December 2019

For promotional purposes

Fund Managers Names: Aaron Scully & Hamish Chamberlayne, CFA

Macro backdrop

Global markets made further advances in December, capping off a very strong year.

Fund performance and activity

The fund rose by 0.5% compared to the MSCI World Index which rose by 0.6% and the IA Global peer group which rose by 1.1%.

Although the technology sector performed strongly, to which the fund has an overweight position, the large active underweight position towards Apple detracted from performance. Also, the energy sector, where the fund has an underweight stance, produced the best returns in the month as some investors sought value in the worst performing sector of 2019.

Contributors to performance included Tesla (Sustainable Transport), which rose by a further 25% in December taking its six month return to 87% and more than 100% up from the lows of June. After reporting a surprise profit in the third quarter the shares were further fuelled by a successful opening of the Shanghai Gigafactory and positive commentary on the production timeline for the Model Y. Shortly after the end of the year the company reported fourth quarter deliveries that were ahead of expectations and this has driven the shares higher still. We spoke with the company in December and we are cautiously optimistic that operational execution is on a sustainably improving trajectory. Meanwhile, it is evident that Tesla has a multi-year lead after a string of underwhelming electric vehicle (EV) launches from competitors that have seen little traction with consumers. Tesla is a world-leading manufacturer of electric vehicles, lithium-ion batteries and solar-power systems. Its mission is to accelerate the world's transition to sustainable energy.

ASML (Knowledge & Technology) continued to perform as a result of robust demand for its EUV (extreme ultraviolet lithography) systems and a more stable memory market with further positive data points indicating several years of strong demand ahead. ASML is a global manufacturer of semiconductor microchip-making equipment and its mission is to invent advanced technology for high-tech lithography (transferring patterns or shapes onto silicon wafers), metrology (measurement) and software solutions for the semiconductor industry. This enables the advancement of Moore's law (in which the number of transistors in a circuit are said to double every two years) towards ever smaller, cheaper, more powerful and energy-efficient semiconductors allowing technological progress in a number of fields including health care, technology, communications, energy, mobility and entertainment.

LAM Research (Knowledge & Technology) had another strong month of performance for similar reasons to ASML, with a number of large customers indicating an increase in spending plans in 2020. LAM is a global supplier of fabrication equipment and services to the semiconductor industry. Nearly every advanced semiconductor chip is built with LAM technology and its products are essential in driving innovation in silicon which is the foundation of all technological progress.

The most significant stock specific detractor was our underweight position in Apple. In respect of owned stocks our three largest detractors were Walt Disney, Encompass Health and Avalara. Both Disney and Encompass Health had performed strongly in November and the shares gave back some of their gains in December. Avalara underperformed along with many other high growth, mid-cap software names due to investors generally favouring stocks with lower valuations. We believe all three stocks are well set up for 2020.

Source: Janus Henderson Investors, as at 31 December 2019

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Benchmark information

Index benchmark: MSCI World Index

Index benchmark usage: Comparator

The MSCI World Index is a measure of the combined performance of large and medium sized companies from developed stock markets around the world. It provides a useful comparison against which the Fund's performance can be assessed over time.

Peer group: IA Global Equity

Peer group 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.

| Discrete year performance % change | I Acc | Index | Peer group |
|------------------------------------|-------|-------|------------|
| 31 Dec 2018 to 31 Dec 2019 | 32.6 | 23.4 | 22.0 |
| 31 Dec 2017 to 31 Dec 2018 | -6.3 | -2.5 | -5.7 |
| 31 Dec 2016 to 31 Dec 2017 | 18.7 | 12.4 | 13.9 |
| 31 Dec 2015 to 31 Dec 2016 | 21.8 | 29.0 | 23.9 |
| 31 Dec 2014 to 31 Dec 2015 | 3.9 | 5.5 | 2.8 |

Source: at 31 Dec 2019. © 2020 Morningstar. All rights reserved, performance is on a net of fees basis, with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

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