

# Janus Henderson UK Responsible Income Fund

Q2 2020

For promotional purposes

## Fund Manager Name

Andrew Jones

## Macro backdrop

Equity markets rebounded strongly in the second quarter with economic data reflecting increased activity levels as the rate of Covid-19 cases slowed in some countries and lockdown restrictions were eased. The remarkable scale of stimulus, both monetary and fiscal, helped buoy sentiment with investors hoping for a V-shaped global economic recovery. Cyclical sectors such as materials and industrials outperformed while more defensive sectors such as consumer staples and utilities underperformed. Despite the oil price recovering, the energy sector also continued to underperform.

## Fund performance and activity

The fund rose by 22.5% in the second quarter compared with a rise of 20.0% in the FTSE All Share Index and 19.3% in the IA UK Equity Income peer group.

Against a more optimistic market backdrop, the fund's holdings in the financial services and industrials sectors were positive for relative performance. In the industrials sector, stocks such as ABB and Electrocomponents recovered from what we considered to be oversold levels, while in financial services both Intermediate Capital and Standard Life Aberdeen produced results that proved more resilient than had been expected. Our position in Deutsche Telekom also aided performance, with the share price better reflecting the value of the company's stake in T-Mobile. The absence of holdings in the mining sector was negative for relative performance during the quarter, as companies in this area performed well in the second quarter.

The main activity during the second quarter centred around increasing the fund's positions in overseas companies at what we believed were attractive levels, in order to diversify the sources of income. We added high quality financial companies such as Munich Re-Insurance and Zurich Insurance as they have continued to pay good levels of income and have favourable capital and regulatory positions. We further reduced the fund's positions in the UK banking sector following the regulator insisting that all banks suspend dividends for the next twelve months. The fund was already significantly underweight banks. We also exited the position in BT in order to add to the position in Deutsche Telekom based on stronger fundamentals.

## Outlook/strategy

Despite the recovery in equity markets in the second quarter, the outlook for the economy remains challenging and corporate profits and dividends will remain under pressure in the months ahead. It remains likely that the income generated by the fund will be lower than in the previous year. However, as active managers we believe we are well placed to look for opportunities in robust companies that can survive the downturn and are well positioned to benefit when the economy starts to recover.

Source: Janus Henderson Investors, as at 30 June 2020

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## Fund information

**Index** FTSE All Share Index  
**Index usage** Comparator

The FTSE All Share Index is a measure of the combined performance of a large number of the companies listed on the London Stock Exchange and includes large, medium and smaller companies. It provides a useful comparison against which the Fund's performance can be assessed over time.

**Peer group benchmark** IA UK Equity Income  
**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 an income with the potential for capital growth over the long term (5 years or more).

## Performance in (GBP)

Performance %	I (Net)	Index	Peer group	Quartile ranking
1 month	1.9	1.5	1.0	1st
YTD	-15.6	-17.5	-20.4	1st
1 year	-7.1	-13.0	-13.7	1st
3 years (annualised)	0.1	-1.6	-3.7	1st
5 years (annualised)	2.9	2.9	0.9	1st
10 years (annualised)	9.5	6.7	6.5	1st
Since inception (annualised)	8.1	6.6	6.4	-

Source: at 30 Jun 2020. © 2020 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 Jun 2019 to 30 Jun 2020	-7.1	-13.0	-13.7
30 Jun 2018 to 30 Jun 2019	2.7	0.6	-2.5
30 Jun 2017 to 30 Jun 2018	5.1	9.0	6.2
30 Jun 2016 to 30 Jun 2017	16.7	18.1	19.4
30 Jun 2015 to 30 Jun 2016	-1.4	2.2	-1.7

Source: at 30 Jun 2020. © 2020 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.**

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## Important information

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