

# Janus Henderson Global Equity Fund

Q4 2020

For promotional purposes

## Fund Manager Name

Gordon Mackay

## Fund performance and activity

The fund returned 4.3% in the fourth quarter, underperforming its benchmark index, the MSCI ACWI, which returned 8.6%. The fund's peer group average IA Global returned 9.6%. The fund was 90th percentile within its peer group over the period. Over the year the fund returned 20.4% against the MSCI ACWI index return of 13.2% and the peer group average IA Global return of 14.8% .

From a sector perspective the fund benefited from positions in the consumer staples and communications services sectors. Industrials, financials and materials detracted most from performance and we have no exposure to banks and limited materials exposure - both sectors that participated in the rally of value and cyclical stocks.

Housing Development Finance Company (HDFC), the Indian lender, was the strongest contributor to performance over the quarter. It saw increased momentum in mortgage application and approvals which were ahead of expectations, helped by some developer price cuts and state stamp duty cuts. House ownership affordability has improved materially over recent years and with mortgage penetration in India still low, we like the opportunity. Meal kit company HelloFresh also contributed strongly to performance. It announced a strong set of results and held a capital markets day that presented a detailed plan to increase revenues driven by a growing medium-term addressable market. Its strong balance sheet allowed it to acquire a ready-made meal company during the quarter, raising the addressable market further. This medium-term vision was notably ahead of street estimates and we think it puts HelloFresh in a strong position.

Aptiv, the auto parts manufacturer, delivered strong third quarter results. Growth remained market-leading and margin guidance was positive. News of Covid-19 vaccine progress helped higher ticket industries such as autos, thus helping Aptiv. With good exposure to the structural growth of electric and autonomous vehicles, the outlook remains positive.

Our weakest contributors were Symrise, Adobe and Alibaba. Symrise, the German flavours and fragrances business, was one of the fund's strongest performers in the third quarter but saw slower organic revenue growth, most notably in beverage flavours and pet food. Third quarter growth was still positive at 3.1% however, and we believe little has changed in the long-term outlook, with its management team remaining committed to 2025 goals. We continue to like the skew to natural ingredients, something health-conscious consumers are increasingly looking for. Adobe was down marginally in absolute terms this quarter and so contributed negatively. However, it has had an exceptionally strong year and remains one of the top contributors over the course of the last year. There was no negative news to speak of and we remain constructive on the investment case. Digital transformation, which has been boosted throughout 2020, drives the need for more creative content and we do not see this trend reversing. Alibaba, the Chinese internet giant, has come under greater scrutiny from Chinese regulators. The much-heralded initial public offering (IPO) of fintech giant Ant Group, a subsidiary of Alibaba, was withdrawn following regulator intervention. This impacted many Chinese technology companies and was a reminder that the Chinese government can change the rules. More constructively, it showed China's willingness to improve the long-term credibility of the financial system in China. There was a further anti-trust probe into anti-competitive practices. We acknowledge these are risks but believe the long-term opportunity for Alibaba is significant.

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During the quarter we purchased Sherwin Williams and CTS Eventim. Sherwin Williams manufactures, distributes and sells paint, coatings and related products. This is a structurally growing market that demonstrates resilience through an economic cycle. It has produced consistent and robust growth for many years now, which has enabled it to eke out 1-2% of market share a year. Its sustainable competitive advantage is its retail network, which allows it valuable touch points with tradespeople. Historic returns have also been high, emphasising the quality we see in the company. Investing in a management team that is proven and acts in shareholder's interests is a key part of our investment criteria. This can be measured in many ways but, perhaps uniquely, this company has had only nine CEOs in 150 years. We believe this gives us some insight into the culture and consistency within the company. CTS Eventim operates as a ticketing agency and promoter of live events. These are growing markets and CTS has strong market shares in its core markets of Germany, France and Italy, which has created a strong barrier to entry for competitors. The shift to online continues to be a structural trend that helps solidify the dominant position of CTS and helps to drive more revenue opportunities. CTS has also benefited from the consumer trend towards experiences. History suggests the business is relatively insensitive to economic direction and the strong balance sheet and management team in place has meant it has been able to survive in a period where revenues have been near zero. Evidence, in the form of retained tickets, suggests people still want to attend live events and given progress on Covid-19 vaccines, we expect business will return to more recognisable fundamentals later in 2021. Some smaller peers are likely to be in a weaker financial position and with CTS having managed to cut costs - some permanently - the competitive and financial outlook is constructive to us. Elsewhere, we sold Prosus, which was a small holding having been received as a spin out from Naspers.

## Outlook/strategy

As always, our strategy is to avoid making major macroeconomic calls and to instead focus bottom-up on finding companies with what we see as underappreciated growth and high barriers to entry at attractive valuations. Through purchasing such securities we aim to generate attractive returns over the longer term.

Source: Janus Henderson Investors, as at 31 December 2020

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## Fund information

**Index** MSCI All Countries World Index  
**Index usage** Target, Comparator

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

**Peer group benchmark** IA Global Equity  
**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 All Countries World Index by 2.5% per annum, before the deduction of charges, over any 5 year period.

## Performance in (GBP)

Performance %	I (Net)	Index	Peer group	Quartile ranking	I (Gross)	Target (Gross)
1 month	1.6	2.2	2.5	3rd	-	-
YTD	20.4	13.2	14.8	2nd	-	-
1 year	20.4	13.2	14.8	2nd	-	-
3 years (annualised)	12.5	10.3	9.7	2nd	-	-
5 years (annualised)	16.1	14.6	13.3	1st	17.1	17.4
10 years (annualised)	13.8	11.2	9.5	1st	14.7	14.0
Since inception 10 May 2010 (annualised)	14.7	11.4	10.0	-	15.7	14.2

Source: at 31 Dec 2020. © 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	I (Gross)	Target (Gross)
31 Dec 2019 to 31 Dec 2020	20.4	13.2	14.8	21.4	16.1
31 Dec 2018 to 31 Dec 2019	22.3	22.4	22.0	23.3	25.4
31 Dec 2017 to 31 Dec 2018	-3.3	-3.3	-5.7	-2.4	-0.8
31 Dec 2016 to 31 Dec 2017	19.9	13.8	13.9	20.9	16.7
31 Dec 2015 to 31 Dec 2016	23.8	29.4	23.9	24.9	32.6

Source: at 31 Dec 2020. © 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.**

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## Important information

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