

Janus Henderson UK Alpha Fund

September 2021

For promotional purposes

Fund Managers Names

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Macro backdrop

UK equities fell during the month. In the UK, tax increases, labour shortages, fuel shortages and energy price rises caused consumer confidence to fall for the first time this year. In China, the news of the potential default by Evergrande, a large Chinese property developer, weighed on equity markets as investors debated the economic outlook of one of the world's largest economies. Elsewhere, the US Federal Reserve (Fed) announced that asset purchase tapering may begin soon. Similar hawkish tones came from the Bank of England which suggested that interest rate hikes might start early next year. This caused bond yields to rise sharply. Oil rallied while sterling depreciated. In this environment, the more international large-cap index materially outperformed the more domestic mid-cap index.

Fund performance and activity

The fund returned -5.1% over the month, underperforming the FTSE All-Share Index which returned -1.0%, and the IA UK All Companies peer group which returned -1.8%.

The fund's biggest positive contributors to performance included Jet2, Foresight Group and Restore. Shares in Jet2 rallied following the announcement of a material relaxation of international travel restrictions. Shares in Foresight Group rose following the announcement of its full-year results, which precipitated earnings upgrades driven by stronger than expected fund inflows. Shares in Restore performed strongly following a trading update which highlighted a continued recovery in all its business lines and strong performance of recent acquisitions.

The biggest detractors to performance included Mitchells and Butlers, Oxford Instruments and TI Fluid Systems. Shares in Mitchells and Butlers sold off due to falling consumer confidence and the fact that its management flagged that short-term trading continued to be uncertain. Despite a positive trading update and earnings forecast upgrades, after a strong run shares in Oxford Instruments sold off during the market rotation away from growth stocks and towards value stocks. Shares in TI Fluid Systems sold off following earnings forecast downgrades caused by supply chain bottlenecks and component shortages which have reduced global automotive production volumes.

Trading during the month included adding to our positions in Foresight Group, Moonpig and Wickes and trimming our position in Sanne. We added to our positions in Foresight Group and Moonpig as in both instances the shares had failed to react to strong earnings upgrades. We continued to build our position in Wickes following technical pressure on its shares following the demerger from Travis Perkins, and started trimming our position in Sanne following the agreed bid from Apex, to make way for new positions.

Outlook/strategy

Positive Covid-19 vaccine developments provide hope that the end of the pandemic is near. However, we take a cautious view on both how quickly they can be rolled-out globally and their efficacy against future mutations. To this end we continue to monitor business and consumer confidence indicators alongside unemployment rates. We are encouraged by the fact that governments around the world are continuing to provide fiscal support and that conditions in the corporate sector, balance sheets in particular, are much stronger than when they entered the Global Financial Crisis.

Historic valuations remain attractive and trade well below long-term averages. The extent of recovery in corporate earnings in 2021 remains to be seen. We are positioned for a recovery as the effects of the virus begin to ebb. However, we remain selective as the recovery will likely be uneven. We believe the strength of balance sheets, management teams, franchises and market position will be key determinants of the winners and losers coming out of the pandemic.

Source: Janus Henderson Investors, as at 30 September 2021

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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 All Companies 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 (5 years or more).

Performance in (GBP)

Performance %	I (Net)	Index	Peer group	Quartile ranking
1 month	-5.1	-1.0	-1.8	4th
YTD	16.4	13.6	14.7	2nd
1 year	44.0	27.9	32.1	1st
3 years (annualised)	5.1	3.1	4.8	2nd
5 years (annualised)	8.0	5.4	6.7	2nd
10 years (annualised)	9.5	8.2	9.2	2nd
Since inception 09 Nov 2001 (annualised)	7.3	6.1	6.4	-

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	44.0	27.9	32.1
30 Sep 2019 to 30 Sep 2020	-15.5	-16.6	-12.8
30 Sep 2018 to 30 Sep 2019	-4.7	2.7	0.0
30 Sep 2017 to 30 Sep 2018	5.8	5.9	5.6
30 Sep 2016 to 30 Sep 2017	19.8	11.9	13.7

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.

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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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