

GLOBAL EQUITY INCOME FUND

A global approach to equity income from a highly-experienced team, with a broad range of income opportunities and potential for capital appreciation.

Objective

The Janus Henderson Global Equity Income Fund (“**Fund**”) seeks to achieve a dividend yield that exceeds the dividend yield of the MSCI World ex-Australia Index (net dividends reinvested) in AUD (“**Benchmark**”) with the potential for long-term capital growth.

About the Fund

The Fund seeks to deliver regular income distributions with the potential for long-term capital growth through its investment in companies identified by the Global Equity Income Team (“**Team**”) as having the potential to generate strong and growing levels of free cash flow. The Fund is actively managed and typically holds between 50-80 companies diversified across geographic regions and industrial sectors.

Investment philosophy

The Team believes that over the long term, a portfolio of above average yielding companies with the ability to grow their dividends, is likely to significantly outperform the broader market.

There are four key reasons supporting this philosophy:

- **Cash flow:** Companies cannot sustain dividends without sufficient cash flow. Cash flow is harder to manipulate than earnings and provides a better indication of a company’s underlying strength.
- **Contrarian investing:** Generally, high yielding stocks tend to be unfashionable as either they have disappointed the market, resulting in a falling share price and rising yield, or they are mature, low growth businesses. Consequently, investors either underestimate their ability to produce positive returns or assign too low a valuation to these returns.
- **Company management discipline:** An emphasis on dividend yields may help company management to focus on the use of capital.
- **Investor discipline:** A focus on dividend yields provides a clear valuation discipline for the Team.

When the dividend yield of a stock moves to a discount to the market, it forces the Team to re-evaluate the investment.

Investment process

The investment process is driven by bottom-up stock selection based on fundamental, qualitative analysis and a strong valuation discipline. The process aims to identify the most compelling opportunities based on income, value and growth potential; company engagement and fundamental analysis is then used to identify the best ideas for inclusion in the Fund.

The investment process includes the following stages:

- 1. Idea generation:** The Team uses various screens to generate ideas. In addition to screening for dividend growth, the team also review growth in cash flow, balance sheet strength, and profitability-based metrics, such as return on equity. One of the primary sources of idea generation is through meeting with company management to ensure that management is capable of maximising the business’ full potential. The Team also leverages the expertise of the other regional teams at Janus Henderson.
- 2. Income criteria:** The Team’s investment process focuses on dividend paying companies generally yielding 2% or more, and aims to diversify the yield of the portfolio by ensuring no reliance on any one sector or stock.
- 3. Valuation criteria:** Valuation metrics are applied that the Team considers relevant to specific companies and the industries or sectors in which they operate, to ensure that there is potential for capital as well as income growth.
- 4. Business fundamentals:** Analysis of business fundamentals runs throughout the investment process, from idea generation to on-going monitoring of the Fund, placing emphasis on examining what a company does, it’s market position, the dynamics of that market and an examination of the returns that the company can earn.
- 5. Portfolio construction:** The weighting given to each position reflects the relative attraction of each stock, the Team’s level of conviction in their views and any liquidity considerations relating to specific stocks.

Key reasons to invest in the Fund

Generate income and capital growth: The Team focuses on companies generating strong and growing levels of cash flow. A dividend seeking, valuation driven approach is used to identify opportunities offering a blend of dividend and capital growth potential.

Provide diversification benefits: A global remit offers capital and income diversification with access to a broader range of companies and regions than a single country strategy, where income may be overly concentrated in a limited number of high-yielding companies.

Adapt to changing market conditions: A flexible approach allows the Fund to exploit value and income opportunities from different markets as they arise, while at the same time avoiding areas of the market carrying unwanted levels of risk.

Key facts about the Fund

APIR code	HGI0005AU
ASX mFund	JHI03
Inception date	May-15
Risk profile	High
Minimum recommended investment period	5 years
Investment management fee	0.85% p.a.
Buy/Sell spread	0.15% / 0.15%
Unit pricing frequency	Daily
Income distribution	Quarterly (if any)

Please refer to the Product Disclosure Statement for further information.

For more information and most up to date buy/sell spread information visit www.janushenderson.com/en-au/investor/buy-sell-spreads

FOR MORE INFORMATION, VISIT JANUSHENDERSON.COM/AUSTRALIA

The Team

The team of 10 investment professionals has been managing global equity income portfolios for over 23 years. The Team manages in excess of \$22.7bn (as at 30 June 2021) on behalf of a wide range of institutional and retail clients.

Researcher ratings (for adviser use only)



Platform availability

- AMP iAccess
- AMP Summit
- BT Wrap
- Hub 24
- Netwealth
- AMP North
- BT Panorama
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INVESTORS

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