Janus Henderson INVESTORS

CONTINENTAL EUROPEAN FUND

At a glance

Performance*
The Fund returned 3.59%, the Index returned 2.39% and the Sector returned 2.76%.

Contributors/detractors
Positive contributors included Besi, CRH, Linde, Schneider Electric and Safran. Detractors included UPM-Kymmene, Arkema, Aker BP and AB InBev.

Outlook
Continued uncertainty around the path of inflation/interest rates will likely continue to cause near-term volatility. We see attractive global secular themes within our investment universe on a longer-term horizon.

Portfolio management



John Bennett



Tom O'Hara



Tom Lemaigre, CFA

Investment environment

- Resilient US economic data and stronger-than-anticipated inflation mean that expectations for interest rate cuts in the short term have been pared back.
- Europe's largest companies in the technology, health care and luxury goods sectors continued to lead equity market returns thanks to announcing strong fourth quarter results, causing the benchmark to perform well over the month.
- We did see a reversal of some of the sector rotation that we saw in January.

Portfolio review

Top positive contributors to performance in February included Besi (semiconductor capital equipment), CRH (building materials), Linde (industrial gases) and Schneider Electric (capital goods). All these companies reported quarterly results that were ahead of market expectations and generally gave positive outlooks on the trends they see in their businesses for 2024 and beyond.

The biggest detractors included UPM-Kymmene, due to an unexpected weaker earnings forecast (guidance) for the first half of this year, Arkema, as its shares were caught up in a wider sell-off of cyclical firms (those companies generally more dependent on economic growth to perform well) and chemical companies, and Aker BP, due to worsening sentiment around the energy sector.

In terms of activity, we opened a new position in Carlsberg, the global brewer. This was catalysed by a meeting with the new CEO, who recently refined the company's strategic plan to 2027 to focus on the company's premium portfolio, faster growing categories outside of beer, and specific growth markets (such as China, Vietnam and India). This position was funded by trimming a number of holdings across the portfolio. We made no sales during the month.

Manager outlook

We continue to believe in the likelihood of structurally higher inflation and higher interest rates in the years ahead, at least relative to the decade prior to the Covid pandemic. This is not to argue against the potential for near-term disinflation of a more cyclical nature, as supply shocks from both Covid and the Ukraine war are lapsed.

That said, even given the shifting rhetoric from central banks, we continue to lean much more towards a central bank 'plateau' rather than a 'pivot' on interest rates. This is, unless we witness a sharp economic contraction. However, given the fiscal bazooka being deployed under 'Bidenomics' and the need for Europe to follow suit, we may not see the economic 'hard landing' (recession) the

Marketing communication
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Past performance does not predict future returns.
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*For benchmark and sector, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

market intermittently panics over, even if consumers do moderate their appetite to spend.

Longer term, we expect a clear shift towards a multipolar world, of which deglobalisation - and the capital intensive likes of 'Bidenomics' - is an outcome. We could also see a political shift in favour of populist/pro-labour policies, from both traditional 'left' and 'right' ends of the political spectrum. This could mean stronger wage inflation and greater labour market friction. It also leads us to believe equity investors will need to be more sensitive to valuation when making stock purchasing decisions.

The real economy implications will also present opportunities for stock-pickers. Enablers of deglobalisation (think industrial automation, digitalisation, electrification and construction materials firms) could thrive, while large incumbents across many industries (such as brewing, food catering and enterprise software) could see their already dominant positions enhanced as the end of virtually 'free' money from very low interest rates tempers the threat of disruption by unprofitable start-ups. Europe offers plentiful opportunities to access these themes, being home to large global champions at what we see as reasonable valuations.

Performance (%)

Returns	Cumulative				Annualised		
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
A2 EUR (Net)	3.59	9.13	5.51	16.34	11.08	11.13	7.68
Index	2.39	8.39	4.37	12.51	9.72	9.35	7.34
Sector	2.76	8.61	4.19	11.01	8.26	9.06	7.17

Calendar year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A2 EUR (Net)	21.28	-11.78	23.93	3.58	28.73	-10.99	7.45	-1.12	13.94	9.60
Index	17.57	-12.58	24.44	1.75	27.10	-10.86	11.40	2.42	11.42	7.22
Sector	16.26	-13.62	23.04	3.63	27.60	-12.88	12.63	0.68	15.45	6.57

Performance is on a net of fees basis, with gross income reinvested. Source: at 29/02/24. © 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns.**
Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. **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.** Source for target returns (where applicable) - Janus Henderson Investors.

Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at www.janushenderson.com.

Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

Investment objective

The Fund aims to provide a return, from a combination of capital growth and income over the long term (5 years or more).

For the fund's investment policy, refer to the Additional fund information on page 4.
Past performance does not predict future returns.

Fund details

Inception date	29 September 2000
Total net assets	2.74bn
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	MSCI Europe (ex UK) Index
Morningstar sector	Europe ex-UK Equity
SFDR category	Article 8

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records/scenarios are detailed within the fund's specific KIID/KID; fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID, which must be reviewed before investing. Please consult your local sales representative and/or financial adviser if you have any queries. This is a Luxembourg SICAV Fund, regulated by the Commission de Surveillance du Secteur Financier (CSSF). These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. Any securities, funds, sectors or indices mentioned within this article do not constitute or form part of any offer or solicitation to buy or sell them. The information in this commentary does not qualify as an investment recommendation. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.

Investment policy

The Fund invests at least two-thirds of its assets in a portfolio of shares (equities) and equity-related securities of companies, of any size, in any industry, in Continental Europe. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in this region. The Fund may also invest in other assets including cash and money market instruments. The Investment Manager may use derivatives (complex financial instruments) to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the MSCI Europe (ex UK) Index, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the Fund's performance. The Investment Manager has discretion to choose investments for the Fund with weightings different to the index or not in the index. Depending on prevailing market conditions the Fund's portfolio may shift between 'high conviction' (whereby the manager will take significant risk relative to the index) and a more cautious stance. This means the performance of the Fund may at times differ significantly from the index, while at other times it may be more closely aligned.

Investment strategy

The Investment Manager looks to anticipate catalysts for change in companies and industries based on fundamental research and thought leadership, in order to construct a portfolio of large companies complemented by mid-size company opportunities with the potential to enhance the Fund's overall returns. Smaller companies are not normally a significant focus of the portfolio.

Fund specific risks

When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact the value of the Fund due to differences in short-term interest rates between the currencies. The Fund could lose money if a counterparty with which the Fund trades becomes unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider. Shares/Units can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result. Shares of small and mid-size companies can be more volatile than shares of larger companies, and at times it may be difficult to value or to sell shares at desired times and prices, increasing the risk of losses. If a Fund has a high exposure to a particular country or geographical region it carries a higher level of risk than a Fund which is more broadly diversified. This Fund may have a particularly concentrated portfolio relative to its investment universe or other funds in its sector. An adverse event impacting even a small number of holdings could create significant volatility or losses for the Fund. The Fund may use derivatives with the aim of reducing risk or managing the portfolio more efficiently. However this introduces other risks, in particular, that a derivative counterparty may not meet its contractual obligations. If the Fund holds assets in currencies other than the base currency of the Fund, or you invest in a share/unit class of a different currency to the Fund (unless hedged, i.e. mitigated by taking an offsetting position in a related security), the value of your investment may be impacted by changes in exchange rates. Securities within the Fund could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses.

FOR MORE INFORMATION PLEASE VISIT **JANUSHENDERSON.COM**

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Source: Janus Henderson Investors, as at 29 February 2024, unless otherwise noted.

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