

GLOBAL REAL ESTATE EQUITY STRATEGY

At a glance

Performance

The Portfolio returned 12.89% (gross) and the FTSE EPRA Nareit Developed Index returned 15.30%.

Contributors/detractors

U.S. net lease landlords contributed to relative performance, while an absence of U.S. office, mall, and storage stocks detracted.

Outlook

We believe the increasing confidence that peak interest rates have been reached likely will prove a key turning point for the listed property sector.

Portfolio management



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Investment environment

- Global equities finished the year strong, as the prospect of a soft landing came closer into view following a series of softer inflation prints. Investors increased bets on the end of the rate hiking cycle following more dovish tones from central banks, and the Federal Reserve (Fed) surprised the market by signaling 75 basis points (bps) of rate cuts in 2024.
- Listed property stocks were among the best-performing sectors of the equity market, rising 15% in the fourth quarter with falling real rates serving as a tailwind alongside tightening credit spreads.
- Notable strength came from Europe, where property stocks rose 27% (USD), led by the Nordic markets and Germany. Australia also continued its strong rebound into year-end. In the U.S., despite the real estate investment trust (REIT) sector's rapid ascent in the fourth quarter, not all stocks or sectors fared equally, as names with high leverage and high short interest made more significant gains.
- Notably, office, mall, and hotel landlords enjoyed stellar returns, with storage and cell tower stocks also reversing months of underperformance. Defensive sectors, such as net lease, healthcare, data centers, and manufactured housing, lagged the broader recovery.
- Elsewhere, Japanese property stocks lagged, benefiting less than other markets from central bank tailwinds.

Hong Kong/China also continued to lag meaningfully, posting by far the worst returns globally on the year.

Portfolio review

The portfolio's absence of more highly shorted, lower-quality, higher-leveraged REITs negatively impacted relative performance over the quarter. U.S. net lease landlords Spirit Realty and NNN REIT and real estate services provider CBRE Group all generated alpha, as did Australian logistics-focused The Goodman Group in Sweden and Merlin Properties in Spain. However, an absence of U.S. office, mall, and storage stocks detracted, alongside weaker performance from held positions in cold storage owner/operator Americold, healthcare landlord Sabra, and U.S. apartment owner Camden Property Trust.

We made changes within the residential sector over the period, adding a new position in a U.S. single-family landlord as the single-family rental sector arguably is best positioned within residential, given its sticky customer base and strong demand trends aided by declining mortgage availability and depressing home purchase activity. We also added a U.S. East Coast-focused apartment landlord as we anticipate East Coast fundamentals might illustrate relative outperformance in 2024, owing to better job growth and supply compared with West Coast and Sunbelt markets. Finally, we added a Canadian residential landlord, as we see strong market rent growth supported by Canada's dynamic immigration policy and healthy growth in employment.

Elsewhere, we used offensive equity raises to add two logistics developers and a self-storage owner, given attractive growth opportunities through acquisitions and new development, and sold out of Spirit Realty following its merger-related outperformance.

Manager outlook

While real estate markets continue to face headwinds from a slowing economy and more restrictive financial conditions, increasing confidence that we have reached peak interest rates is likely to prove a key turning point for the listed property sector. While the private commercial real estate market dominates media headlines and is slow to adjust reported values to the challenging macroeconomic

landscape, the listed market already has reacted, resulting in shares trading at wide discounts to private asset values and pricing in a more uncertain environment.

Public REITs have continued to offer reliable and growing income streams, supported by strong balance sheets, more exposure to high-quality properties in areas of structural growth, and astute management teams. From pricing levels that we believe reflect today's economic reality, we think these characteristics could reward investors with current income and growth over time.

Global Real Estate Equity Strategy (as of 12/31/23)

Performance - USD (%)

Returns	Cumulative			Annualized			
	4Q23	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception (11/01/97)
Composite (gross)	12.89	9.10	9.10	1.05	6.70	6.41	9.17
Composite (net)	12.59	7.92	7.92	-0.60	4.85	4.50	7.17
FTSE EPRA Nareit Developed Index	15.30	9.67	9.67	1.18	2.81	3.57	6.33

Past performance cannot guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value. Returns greater than one year are annualized. Returns are expressed in U.S. dollars unless otherwise stated. Composite returns are net of transaction costs and gross of non-reclaimable withholding taxes (if any and unless otherwise noted), and reflect the reinvestment of dividends and other earnings.

Portfolio

Top Holdings (%)	Fund
Prologis	8.73
Equinix	6.68
Welltower	5.05
VICI Properties	3.79
Mitsui Fudosan	3.69
Americold Realty Trust	3.66
AvalonBay Communities	3.44
Agree Realty	3.15
American Homes 4 Rent	2.92
Sabra Health Care REIT	2.66
Total	43.77

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Definitions

Basis point (bp) equals 1/100 of a percentage point. 1 bp = 0.01%, 100 bps = 1%.

Monetary tightening refers to central bank activity aimed at curbing inflation and slowing down growth in the economy by raising interest rates and reducing the supply of money.

To receive a complete list and description of composites and/or a presentation that complies with the requirements of the GIPS® standards, please visit janushenderson.com/us-institutional to contact a Janus Henderson institutional team representative.

The gross performance results presented do not reflect the deduction of investment advisory fees. Returns will be reduced by such advisory fees and other expenses as described in the individual contract and, where applicable, Form ADV Part 2A.

Net performance results do not reflect the deduction of investment advisory fees actually charged to the accounts in the composite but do reflect the deduction of model investment advisory fees based on the maximum fee rate in effect for the respective time period, adjusted for performance-based fees where applicable. Actual advisory fees may vary among clients invested in the strategy and may be higher or lower than model fees. Returns for each client will be reduced by such fees and expenses as described in the individual contract and, where applicable, in Form ADV Part 2A.

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Global Equity - Property Equity Composite, benchmarked to FTSE EPRA Nareit Developed Net Index, includes portfolios that seek long term capital appreciation by investing in the quoted equity securities of companies or Real Estate Investment Trusts (or equivalents) listed or traded on a regulated market which derive the main part of their revenue from the ownership, management and/or development of real estate, throughout the world. The composite was created in March 2015.

Information relating to portfolio holdings is based on the representative account in the composite, which reflects the typical portfolio management style of the investment strategy. Other accounts in the strategy may vary due to asset size, client guidelines and other factors.

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Investing involves risk, including the possible loss of principal and fluctuation of value.

Discussion is based on performance gross of fees.

Index returns are provided to represent the investment environment existing during the periods shown. The index is fully invested, including the reinvestment of dividends and capital gains.

Index returns do not include any transaction costs, management fees or other costs, and are gross of non-reclaimable withholding taxes, if any and unless otherwise noted.

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