

# Janus Henderson Global Equity Fund

Q2 2023

Marketing communication - For professional investors only  
Past performance does not predict future returns

## Fund Manager Name

George P. Maris, CFA, Julian McManus

## Investment environment

Investors were largely focused on two questions: firstly, whether there would be recession or no recession, and secondly whether we were going to see more inflation or disinflation. This macro-level conundrum fuelled speculation that the global interest rate hiking cycle might be nearing an end, herding many investors into a narrow group of long-duration growth stocks, most strikingly in the US. The resulting rally in equities was boosted by enthusiasm for global technology stocks.

China's recovery from its period of zero-Covid restrictions was more measured than investors had expected, leading to short-term disappointment and a rotation to other areas of the market. Chinese policymakers announced a series of stimulus measures that we expect will take time to affect economic growth.

## Portfolio review

The fund underperformed its benchmark, the MSCI All Countries World Index, over the quarter.

Among individual holdings, relative detractors included commodity-related stocks that declined due to concerns that slower economic growth (especially in China) might pressure demand for and pricing of raw materials. Marathon Petroleum was a prominent detractor, as near-term economic uncertainty overshadowed the company's robust refining spreads and strong free-cash-flow growth. Despite the stock's recent underperformance, we have continued to see potential for its business and its plans to repurchase stock at discounted prices relative to intrinsic value.

Several companies with exposure to consumer spending in China also detracted. These stocks were strong performers in late 2022, aided by hopes for a resurgence in economic growth and consumer spending following the lifting of China's zero-Covid policies. However, the anticipated economic rebound has been weaker than expected, raising concerns over near-term consumer spending. Chinese online retailer JD.com was a notable detractor. JD.com announced sales promotions in its ecommerce business, which investors feared would depress margins. In reality, these promotions turned out to be margin-neutral, as they were funded by merchants and efficiency gains elsewhere in the business. We continue to see long-term opportunity tied to growth in ecommerce.

Pulte Homes was a positive contributor to performance, as higher borrowing costs failed to dent strong US demand for the homebuilder's product. We are optimistic about the long-term outlook for housing demand and pricing in the US, given demographic trends and structural undersupply. We also continue to view Pulte favourably due to its market positioning and disciplined management team.

UniCredit, another top contributor, is an international banking group headquartered in Italy. The stock received increased attention from investors due to its management's disciplined approach to capital returns and its pivot from dividends to share repurchases. Furthermore, the stock benefited from expectations that the European Central Bank (ECB) may continue to raise rates in the near term, potentially proving beneficial for the company's net interest income growth.

## Manager outlook

A strong period of inventory building is nearing an end and may be joined by further interest rate hikes in Europe and Japan. Inflation continues to keep central bankers in a tightening position, with the Bank of Japan as the notable outlier that has yet to catch up with its peers. The ECB's multiple policy measures (rate increases and an end to quantitative easing) combined with the Bank of Japan's tapering of asset purchases, all point to further tightening in financial conditions. While these dynamics have the potential to cool economic activity, the effect could take time to play out.

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We believe this creates a challenging macroeconomic backdrop for risk assets. Nevertheless, we see compelling pockets of opportunity around the world where we believe the potential for free-cash-flow growth is underestimated in a market distracted by macroeconomic considerations. Our portfolio reflects our view that free cash flow and disciplined capital allocation will likely drive investment returns in the coming months and years. We have found numerous examples where we believe free cash flow and capital allocation are poorly priced by the market, due in many cases to behavioural biases or constraints among local investor bases. Chinese stocks are trading at extremely low valuations relative to history. Japan's market performance has benefited as corporate governance improvements have fuelled significant futures buying, while cash equity (single stock) investments have lagged year-to-date. In our view, UK valuations trade at a notable discount to valuations in the EU. We believe such dislocations may provide a rich environment for bottom-up stock selection and future relative investment returns.

Source: Janus Henderson Investors, as at 30 June 2023

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## Fund information (Investment policy is on the next page)

Index	MSCI All Countries World Index
Morningstar sector	Europe OE Global Large-Cap Growth Equity
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 (EUR)

Performance %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
1 month	3.3	3.4	2.6	-	-
YTD	2.4	11.5	9.9	-	-
1 year	3.9	11.7	10.6	-	-
3 years (annualised)	6.2	12.1	10.0	-	-
5 years (annualised)	7.1	9.6	7.4	8.9	12.3
10 years (annualised)	11.2	10.9	8.7	13.1	13.6

Source: at 30 Jun 2023. © 2023 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.

Calendar year returns %	A2 (Net)	Index	Sector
2023 to 30 Jun 2023	2.4	11.5	9.9
2022	-18.5	-13.0	-14.1
2021	28.4	27.5	25.5
2020	13.3	6.7	4.9
2019	27.1	28.9	26.1
2018	-2.9	-4.8	-7.7
2017	14.2	8.9	8.3
2016	6.4	11.1	6.9
2015	16.7	9.2	9.4
2014	20.3	19.2	15.4
2013	31.8	21.4	17.3

Source: at 30 Jun 2023. © 2023 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.

Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund.

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.

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 <http://www.janushenderson.com>.

Source for target returns (where applicable) – Janus Henderson. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. With effect from 1 January 2023, the Key Investor Information document (KIID) changed to the Key Information Document (KID), except in the UK where investors should continue to refer to the KIID. 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 if you have any further queries.

From 01 February 2023 Julian McManus also manages this fund. From 1 January 2023 Gordon Mackay no longer manages this fund. From 01 November 2022, George Maris also co-manages this fund (in an advisory capacity until Jan 2023). From 1 December 2013 the Fund changed its name and objective. Past performance shown before 1 December 2013 was achieved under circumstances that no longer apply.

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Past performance does not predict future returns. 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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## What are the risks specific to this fund?

- 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.
- Emerging markets expose the Fund to higher volatility and greater risk of loss than developed markets; they are susceptible to adverse political and economic events, and may be less well regulated with less robust custody and settlement procedures.
- 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.

## General risks

- Past performance does not predict future returns.
- 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.
- Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change.

## Investment policy

The Fund invests at least two-thirds of its assets in a concentrated portfolio of shares (equities) and equity-related securities of companies, of any size, in any industry, in any country.

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 All Countries World Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target. The investment manager has discretion to choose investments for the Fund with weightings different to the index or not in the index, but at times the Fund may hold investments similar to the index.

# Janus Henderson Global Equity Fund

For further information on the Luxembourg-domiciled Janus Henderson fund range please contact your local sales office or visit our website: [www.janushenderson.com](http://www.janushenderson.com).

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## Important information

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.

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