

UK EQUITY INCOME & GROWTH FUND

At a glance

Performance*

The Fund returned 4.57%, the Index returned 4.75% and the Peer Group returned 4.44%.

Contributors/detractors

The best performers included DS Smith (which received takeover interest) and ITV (which sold its stake in BritBox). The largest detractor was lender Vanquis, which was subsequently sold.

Outlook

The low valuation of the UK equity market (versus both overseas peers and its own history) makes us positive on the outlook for UK equities.

Portfolio management



Laura Foll, CFA



James Henderson

Investment environment

UK equities rose strongly during March. While the Bank of England held interest rates unchanged at 5.25%, it seemed to signal a willingness to cut interest rates later this calendar year, which boosted market sentiment. Takeover activity within the UK equity market continued, with two potential offers for paper and packaging firm DS Smith (held in this portfolio), one from US-listed firm International Paper and one from UK-listed firm Mondi.

Portfolio review

The best performers during the month included DS Smith (which received takeover interest) and ITV. In the case of ITV, it announced the sale of its stake in BritBox to the BBC for approximately £250mn and will use the proceeds to buy back its own shares.

As this division had not been historically highly valued within ITV, the shares responded positively to the news. The largest individual detractor was consumer lender Vanquis Banking Group, which issued disappointing guidance for the returns it expects to make in future years. The small position was subsequently sold from this portfolio.

A new position was purchased in medical devices company Smith & Nephew, which is trading at a historically large valuation discount to both overseas peers and its history.

In our view, while the orthopaedics division has challenges (it is the fourth player in a competitive global market), the wound care and sports medicine businesses that make up the majority of group earnings are market leading. In our view, the strengths of these businesses are not being fully reflected in the group valuation. We also added to the positions in food retailers Sainsbury's and Tesco.

Manager outlook

The UK equity market continues to trade at a substantial valuation discount to overseas, and we are seeing evidence of this in the number of takeovers (both accepted and rejected) so far this calendar year. Historical evidence suggests that starting valuations materially impact long-term shareholder returns, and the starting valuation of the UK (lower than both its own history and overseas) therefore makes us positive on the UK market outlook.

Marketing communication

Past performance does not predict future returns.

References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

*For benchmark/usage and peer group, if applicable, refer to Fund details on page 2. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 3.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (30/09/74)
I Inc (Net)	4.57	2.21	2.21	3.83	5.47	3.48	2.58	11.52
Index	4.75	3.57	3.57	8.43	8.05	5.44	5.77	—
Peer Group	4.44	2.46	2.46	7.72	5.97	4.56	4.84	11.54

12 month rolling

	Mar 2023-Mar 2024	Mar 2022-Mar 2023	Mar 2021-Mar 2022	Mar 2020-Mar 2021	Mar 2019-Mar 2020
I Inc (Net)	3.83	1.61	11.23	38.58	-27.05
Index	8.43	2.92	13.03	26.71	-18.45
Peer Group	7.72	-0.30	10.80	32.51	-20.74

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. © 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. This is a representative share class for the fund, other share classes are available and may be more suitable for your investment needs.

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 dividend income, with prospects for both income and capital growth over the long term (5 years or more).

For the fund's investment policy, refer to the Additional fund information on page 3.

Past performance does not predict future returns.

Fund details

Inception date	01 October 1974
Total net assets	168.06m
Asset class	Equities
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	FTSE All Share Index
Peer group	IA UK Equity Income

For benchmark/usage description, refer to Additional fund information on page 3.

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 are detailed on the specific KIID, fees and charges may vary and further information can be found in the fund's prospectus and KIID which must be reviewed before investing. Please consult your local sales representative if you have any further queries. From 01 August 2017, the Henderson UK Equity Income & Growth Fund moved from the IA UK All Companies sector to the IA UK Equity Income sector. 100% of the Annual Management Charge is taken from capital. 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.

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. 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.

Investment policy

The Fund invests at least 80% of its assets in shares (also known as equities) of companies, in any industry, in the UK. Companies will be incorporated, headquartered, or deriving significant revenue from, the UK. The Fund will typically have a bias towards small and medium sized companies. The Fund may also invest in other assets including other shares, bonds of any quality from any issuer, 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 FTSE All Share 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. As an additional means of assessing the performance of the Fund, the IA UK Equity Income sector average, which is based on a peer group of broadly similar funds, may also provide a useful comparator.

Investment strategy

The Investment Manager seeks to benefit from investment opportunities created by market inefficiencies and aims to add value by investigating under-analysed areas of the market in order to identify out-of-favour, quality companies. The investment process is driven by fundamental company research and focuses on companies with above-average yield and growing dividends.

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. 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. 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. Some or all of the ongoing charges may be taken from capital, which may erode capital or reduce potential for capital growth.

Janus Henderson
— INVESTORS —

FOR MORE INFORMATION PLEASE VISIT JANUSHENDERSON.COM

Source: Janus Henderson Investors, as at 31 March 2024, unless otherwise noted.

Please read all scheme documents before investing. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. Marketing Communication. 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 change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the prospectus, and where relevant, the key investor information document before investing. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes. Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK Limited (reg. no. 2678531), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Janus Henderson Investors Europe S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier). Janus Henderson is a trademark of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc. D10018