

# Janus Henderson Continental European Fund

August 2023

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

## Fund Managers Names

John Bennett, Tom O'Hara, Tom Lemaigre, CFA

## Investment environment

The MSCI Europe Index declined 2.4% over August. The performance of equity markets was driven by worries over a worsening global macroeconomic picture, as the long-anticipated recession seemingly crept nearer to our doorstep. The main concern emanated from China's elusive return to economic growth after the end of its 'Zero COVID' policy, with a variety of negative data being further compounded by renewed stress in the property market. The Chinese government has made repeated efforts to stimulate the economy, but so far to no avail.

Turning westwards, the US started the month with a downgrade of its credit rating from Fitch (the rating agency). Despite the noise this created in economic, political and investor circles, the initial impact on the 10-year Treasury was limited, with yields hardly moving (as yields rise, prices fall). However, later in the month the yield on the instrument reached as high as 4.34% - a 15 year high - as economic data in the US remained solid (despite some cooling of the labour market). This led many investors to believe the end of interest rate rises are imminent.

## Portfolio review

The fund had a good August and outperformed the benchmark.

The same factors driving performance in July continued, with several of our cyclical holdings (those companies generally more dependent upon economic growth to perform well) and holdings in the materials sector bouncing back from recent falls. In particular, shares in UPM rallied as the Chinese pulp market stabilised and as commentary about the company's new Uruguayan pulp mill showed it was ramping up to plan. Another large positive contributor was Novo Nordisk, where a readout on its key drug Wegovy, showed that it reduces serious cardiovascular events (heart attacks and strokes), thereby further increasing its potential market. This caused its share price to surge.

The main detractors from performance were Infineon Technologies and STMicroelectronics, where their respective share prices fell as investors took some profits following a period of excellent performance from semiconductor firms in general. In fact, the only trading activity of note during August was a reduction in semiconductor holdings, as we locked in some of the share price gains that had been generated in the sector.

## Manager outlook

Despite the short-term noise around when a recession might reveal itself, we remain resolutely focused on the mid- to long-term opportunity in Europe. Specifically, we see opportunity in the 'enablers' of a series of long-term capital investment themes which include de-globalisation (nearshoring and friend-shoring), electrification and energy efficiency, automation, digitalisation and artificial intelligence (AI). Europe is home to many global champions who are critical in ensuring these long-term themes can happen successfully. As we have written previously, these are the companies providing the 'picks and shovels' that will prove critical over the next decade.

Source: Janus Henderson Investors, as at 31 August 2023

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

Index	MSCI Europe (ex UK) Index
Morningstar sector	Europe ex-UK Equity
Objective	The Fund aims to provide a return, from a combination of capital growth and income over the long term (5 years or more).

## Performance in (EUR)

Performance %	A2 (Net)	Index	Sector
1 month	-1.6	-2.4	-2.3
YTD	13.9	12.0	10.8
1 year	17.7	15.8	14.3
3 years (annualised)	10.8	10.1	8.8
5 years (annualised)	7.7	6.8	6.0
10 years (annualised)	8.2	7.9	7.7

Source: at 31 Aug 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	12.6	12.7	11.1
2022	-11.8	-12.6	-13.6
2021	23.9	24.4	23.0
2020	3.6	1.7	3.6
2019	28.7	27.1	27.6
2018	-11.0	-10.9	-12.9
2017	7.4	11.4	12.6
2016	-1.1	2.4	0.7
2015	13.9	11.4	15.5
2014	9.6	7.2	6.6
2013	24.8	23.2	24.0

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.

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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.
- 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.

## 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 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.

# Janus Henderson Continental European 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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