

# GLOBAL SUSTAINABLE EQUITY

Janus Henderson  
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Janus Henderson Horizon Global Sustainable Equity Fund

For professional investors only | For promotional purposes



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# Janus Henderson Horizon Global Sustainable Equity Fund

## Philosophy

We believe the best investment returns will be generated by companies which are **providing solutions to environmental and social challenges**. These companies should have attractive financial attributes such as **persistent revenue growth and durable cash flows**. We aim to outperform the

market over the long-term through creating a **differentiated global equity portfolio of the best sustainability ideas**. Our investment approach is explicitly low carbon and by incorporating environmental, social and governance factors into our analysis we aim to construct a portfolio with a **favourable risk profile**.

## Key characteristics



### Key data

Launch date

29 May 2019

Benchmark

MSCI World Index

Structure

SICAV

ISIN

A2 EUR: LU1984711512  
H2 EUR: LU1984711603  
IU2 EUR: LU1984711785

Fund manager

Hamish Chamberlayne

**€946.9m**

Strategy AUM as of 31 March 2019

## Performance €



Cumulative performance\*

YTD '19

1 year

3 years

5 years

I Acc Euro

18.3%

11.5%

39.4%

68.6%

Benchmark

14.7%

14.6%

40.0%

75.2%

Net of fees as of 31 March 2019

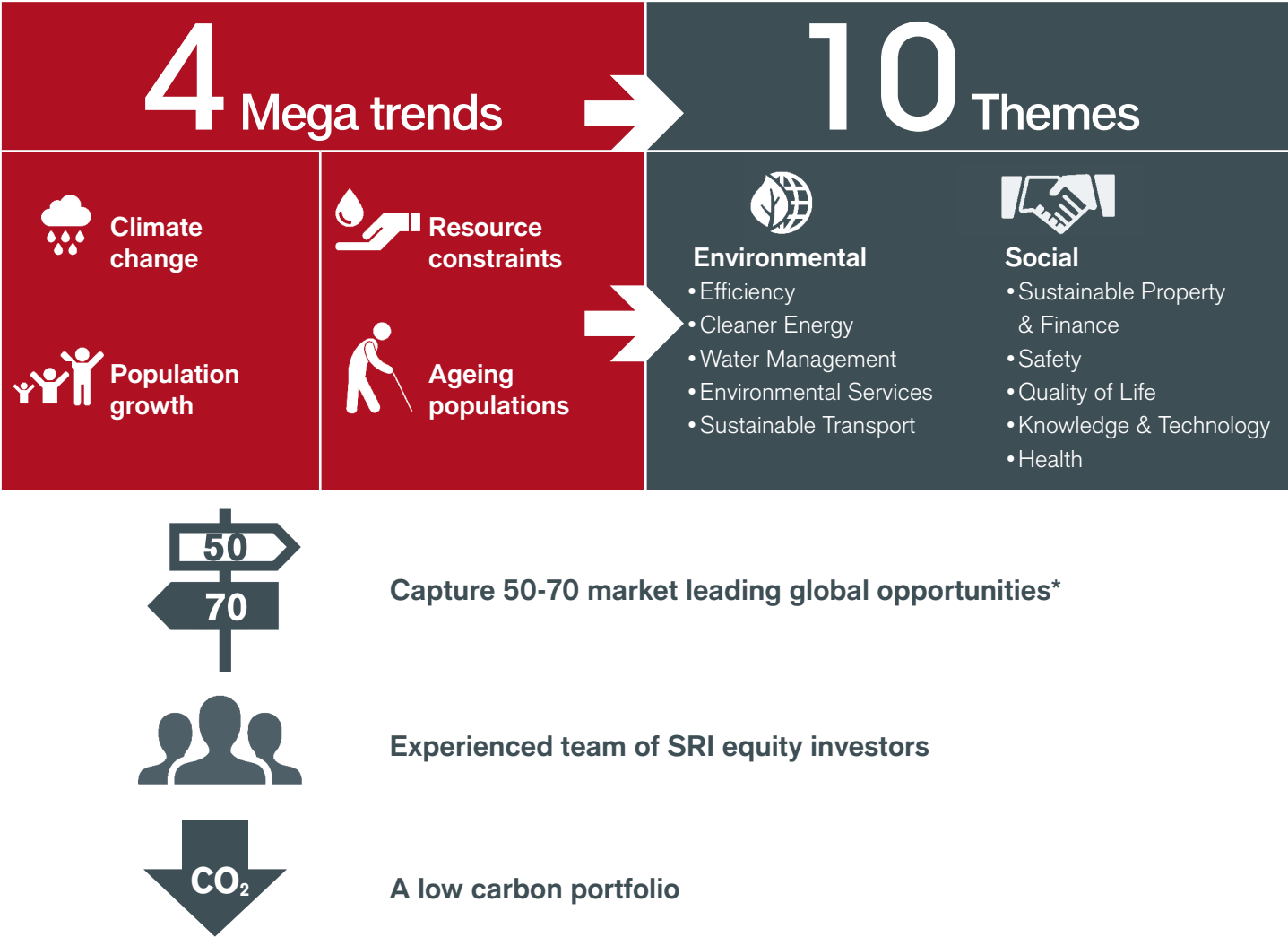


\*Source: Janus Henderson Investors, as at 31 March 2019 – Janus Henderson Global Sustainable Equity I Acc EUR © Morningstar. All rights reserved, performance is on a net of fees basis, with gross income reinvested.

Please note that the past performance shown is that of the Janus Henderson Global Sustainable Equity Fund Class I Acc Euro shares, net of fees (Ongoing charges - 0.81% as at 30 September 2018) and has not been achieved by Janus Henderson Horizon Global Sustainable Equity Fund equivalent Class H2 EUR shares (estimated ongoing charges - 1.11%). The Janus Henderson Global Sustainable Equity Fund Class I Acc Euro shares record has been included for illustrative purposes, as both funds will be managed on a substantially similar basis. This performance record should be considered as an indication of past performance, due to the different ongoing charges of the share classes in the respective vehicles. **Past performance is not a reliable indicator of future results. The value of an investment and the income from it may go down as well as up and we may lose the amount originally invested.**

# Overview

Investing in businesses that are strategically aligned with the powerful environmental and social trends changing the shape of the global economy.



\* As at 31 March 2019. For illustrative purposes. The range may vary over time. These are the manager’s views at the time of publication and should not be construed as investment advice. The opinions expressed do not necessarily reflect the views of others at Janus Henderson.

A global equity strategy employing strict criteria for sustainable and responsible investment in companies successfully meeting environmental and social challenges

**Key drivers**

- Sustainable strategies
- Good corporate governance
- Judicious capital allocation
- In-depth research
- Stock selection
- Engagement

“ We believe that an SRI investment approach should not compromise the potential for long-term performance. Our analysis identifies quality companies that are supportive of a sustainable global economy”

Hamish Chamberlayne  
Head of SRI, Investment Manager

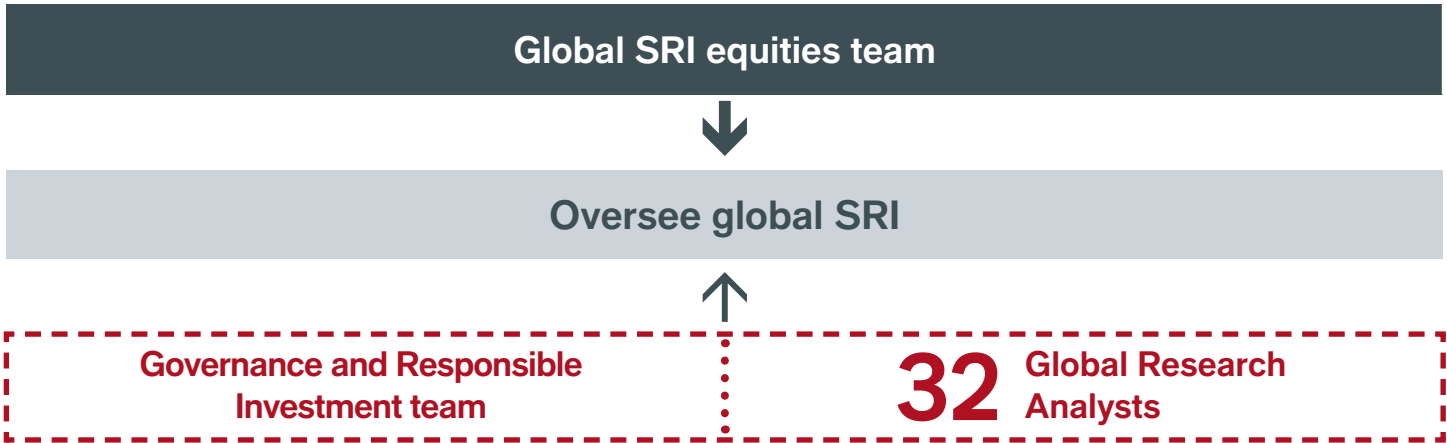
For illustrative purposes, we have provided the Janus Henderson Global Sustainable Equity Fund data as of 31 March 2019. The Janus Henderson Horizon Global Sustainable Equity Fund SICAV will be managed on a substantially similar basis, and will provide a fair representation of portfolio information until the new fund data is available. The fund does not utilise derivatives.



# Three key principles

| Sustainability  | Long-term investment   | Change   |
|---|--|--|
| The managers believe that companies that have products or services connected to the long-term themes are more likely to achieve sustainable revenue growth. | The managers believe that investing for the long-term will lead to outperformance. The thematic approach results in a portfolio with low turnover. | Powerful environmental and social trends are going to transform the global economy over coming decades. The managers seek companies that are strategically positioned to benefit from this change. |

## Management and oversight



### Key differentiators

**Long-term thematic approach:**  
Ten sustainability themes guide idea generation. These themes, derived from four mega trends, reflect a balance between environmental and social sustainability.

**Disciplined fundamental analysis:**  
Comprehensive stock analysis incorporates both financial modelling and environmental, social, and governance research (ESG).

**Strict avoidance criteria:**  
The strategy does not invest in companies that have a negative impact on the environment or society. It is a low-carbon portfolio.

**Diversified, active portfolio:**  
A highly differentiated portfolio versus the benchmark. Active share of approximately >90%<sup>1</sup> (as at 31 March 2019) while seeking balanced overall risk characteristics.

<sup>1</sup> Active share is for illustrative purposes only and may vary over time

\*Source: Janus Henderson Investors, as at 31 March 2019

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# Investment process

## 1 Idea generation

### Thematic framework

The managers believe that the defining investment issue of our time will be transitioning to a low-carbon and sustainable economy, while maintaining the levels of productivity necessary to deliver the goods and services that an ageing and growing population requires. Productivity is the common thread to all the themes.

#### Environmental themes



**Efficiency:** Efficiency improvements are vital to achieving economic growth while keeping carbon emissions within recommended levels.



**Cleaner Energy:** If the world economy is to limit increase in global average temperatures to 2°C over pre-industrial levels then investment in renewable energies and storage solutions is necessary.



**Water Management:** Water is under increasing pressure on both supply and demand sides. Significant investment is required to bridge the gap.



**Environmental Services:** As the global population continues to grow and urbanise, cities are facing a sharp rise in the volume and costs of their waste.



**Sustainable Transport:** Initiatives to decarbonise transport should benefit companies providing new vehicle technologies, public transport infrastructure and fossil fuel-free modes of transport.

#### Social themes



**Sustainable Property & Finance:** Financial institutions can be a force for good, lending to the real economy and allocating capital to where it is most productive.



**Safety:** Key aspects to this theme include workplace safety, road safety, consumer safety, and safety from cyber-attacks and financial crime.



**Quality of Life:** The managers invest in well-governed companies that act as responsible employers and promote social-well-being.



**Knowledge & Technology:** Technological innovation and widespread dissemination of knowledge are key enablers of the transformation to a sustainable global economy.



**Health:** Ageing populations are beginning to put systemic pressures on health provision and social care services in many developed economies – a likely trend for developing economies too.

## 2 Negative screening

### Strict criteria

The negative impact on global prosperity from the cost of economic externalities is becoming increasingly recognized. We seek to avoid those businesses involved in activities contrary to the development of a sustainable economy. We believe these types of business are at higher risk from government regulation or disruption.

Janus Henderson has appointed a specialist company, Vigeo EIRIS, to provide the negative screening of potential investments. With over 100 research analysts, Vigeo EIRIS is one of the largest responsible investment research companies globally. Its research team covers over 3,000 companies and provides detailed reports into a company's activities.



| Principal areas avoided | People      | Armaments, gambling, oppressive regimes and tobacco         |
|-------------------------|-------------|---|
|                         | Environment | Greenhouse gases, mining, nuclear power and water pollution |
|                         | Animals     | Animal testing*, fur and genetic engineering                |

\*The Janus Henderson Horizon Global Sustainable Equity Fund SICAV avoid companies that use animal testing for non-medical purposes. We allow animal testing for medical purposes only where the company employs best practices in accordance with the 3Rs policy of refinement, reduction and replacement.

# Investment process

## 3 Fundamental research & ESG\* analysis

### Fundamental research

**For every new investment both a research note and a financial model are created.**

The research note includes:

- Review of a company's operations
- Review of a company's finances
- Review of a company's valuation
- Assessment of the material ESG factors in the investment case

All companies assessed for inclusion must demonstrate clear management of long-term strategic risks and opportunities, including compliance with the UN Global Compact.

### Integrated approach

Once an investment idea is generated and has passed through the negative screening process, the manager carries out fundamental analysis of the company. This incorporates a qualitative assessment of the company's strategic position, combined with a quantitative financial model. ESG considerations are fully integrated into this assessment.

### Resources used by portfolio managers to conduct ESG analysis

**Research from MSCI, RepRisk, IVIS, CDP, Trucost, HOLT, and ISS**

### Governance and Responsible Investment Team

This team provides advice and analysis on a range of ESG issues affecting existing and potential investments for all of Janus Henderson's investment teams.

The team and portfolio managers are able to examine data that flags controversies in five areas – Environment, Governance, Human Rights, Labour Rights, and Customers. The GRI team also assists with actively engaging company management on ESG issues affecting existing and potential investment for all of Janus Henderson's investment teams.

Based on the research and analysis stage of the process, the team decides whether the stock should be included in the portfolio.

\* Environmental, social and governance

## 4 Portfolio construction & risk control

### Diversified active portfolio

Every stock selected for the portfolio must fit a theme but, for the purposes of portfolio construction, there is no forced distribution of themes. Portfolio construction is driven by stock selection, with each stock being assessed within the disciplined analytical framework.

| Parameter                       | Portfolio characteristics as at 31 March 2019 |
|---------------------------------|---|
| Active share*                   | >90%  |
| Position size                   | 3% active maximum imposed by the managers.**  |
| No of holdings                  | 50-70   |
| Indicative tracking error range | 5%-7% per annum                               |
| Turnover                        | 20-30%  |
| Regional allocation             | +/-3% of benchmark                            |
| Sector positions                | Unconstrained                                 |
| Cash                            | 1-3%  |

\*Active share = the measure of the percentage of stock holdings in a portfolio that differs from the benchmark index. Benchmark index is MSCI World Total Return Index.

\*\*Maximum position size imposed by team

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The multi-thematic approach enables the construction of a well diversified portfolio. A policy of maintaining a geographic allocation close to the benchmark while sector allocations are unconstrained



# Janus Henderson Investors

## Risk management

### Team specific

Portfolio risk is assessed using FactSet attribution, Bloomberg and inhouse risk reports produced by the independent Investment Risk team. Given the highly active nature of the strategy the largest contributor to portfolio risk is stock specific risk. The investment team's quantitative and qualitative analysis provides a deep and detailed understanding of this intended risk.

### Independent risk monitoring

Janus Henderson has an independent Investment Risk Team (reporting into the Chief Risk Officer), which is ultimately responsible for the oversight and challenge of market risk. The day-to-day market risk activities are carried out by the Portfolio Risk & Analytics Team reporting into the Chief Investment Officer (CIO). This ensures that the resourcing of market risk is appropriate and in line with the investment strategies followed under the CIO, while providing an independent check of the suitability and effectiveness of the market risk function.

The Janus Henderson Market Risk Function, comprising the Portfolio Risk & Analytics Team and the Investment Risk Team, work closely with senior management and portfolio managers as part of the overall investment risk management and oversight process.

Portfolio managers and senior management have access to a variety of third party and internally built risk management tools in order to qualify and quantify the various types of market risks. Daily reports and dashboard are used for day to day monitoring of the portfolio's exposures and risks and regular oversight meetings are held with the fund managers to discuss any relevant risk in the portfolio. A monthly investment performance and risk meeting is held with senior management, allowing the teams to escalate any potential remaining issue and provide senior management an independent view of the portfolio.

## Fund Manager



### Hamish Chamberlayne, CFA Head of SRI, Investment Manager

Hamish Chamberlayne is a Fund Manager for the Global Equity SRI strategy at Janus Henderson Investors. Hamish joined Henderson in 2011 moving together with the global equity team from Gartmore. Prior to joining Gartmore in 2007, he

worked as a senior auditor at PricewaterhouseCoopers from 2004 until 2007, where he covered a variety of sectors including energy, technology and communications. He began his career at Burlington Consultants in 2003 where he performed commercial due diligence on businesses identified as acquisition targets by private equity houses.

Hamish graduated from New College, Oxford University with a master's degree in chemistry. He holds the Chartered Financial Analyst designation and has 16 years of financial industry experience.

## Portfolio Management and Research

### Global Integrated team of investors and ESG analysts

#### Global SRI Equities team

- Aaron Scully – Assistant Portfolio Manager – US based
- George Crowdy – Investment Manager
- Ama Seery – ESG Analyst

#### Governance and Responsible Investment team

- Antony Marsden – Head of GRI
- George Birch – Analyst, GRI
- David Ray – Analyst, GRI
- Olivia Gull – Analyst, GRI

### 32 Global Research Analysts with an average of 17 years of financial industry experience – US based

\*Source: Janus Henderson Investors, as at 31 March 2019

### Contact us

General enquiries: +44 (0) 207 818 44 11

Email: [info.nederland@janushenderson.com](mailto:info.nederland@janushenderson.com)

Website: [janushenderson.com](http://janushenderson.com)

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