

# GLOBAL EQUITY INCOME FUND

## At a glance

### Performance\*

The Fund returned 1.02%, the Index returned 1.73% and the Peer Group returned 2.26%.

### Contributors/detractors

The holdings in technology companies Microsoft, TSMC and MediaTek outperformed driven by earnings upgrades, while Sanofi and Air Products underperformed after announcing disappointing results.

### Outlook

Despite the recent strong performance of global equities, we believe that opportunities remain to invest in well-managed, resilient businesses at attractive valuation levels.

## Portfolio management



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## Investment environment

- Global equities made further progress in February with resilient US economic data and robust corporate results, particularly from some of the mega-cap US technology companies, driving returns.
- The S&P 500 Index hit a new high despite slightly higher-than-expected inflationary data, which led investors to reduce their expectations for the number of US interest rate cuts this year.
- At the sector level, information technology and cyclical sectors such as industrials and consumer discretionary outperformed. More defensive sectors such as utilities and consumer staples underperformed.

## Portfolio review

During February, holdings in technology stocks Microsoft, MediaTek, Samsung Electronics and TSMC outperformed. Strong results from Nvidia boosted sentiment towards the sector, particularly for those stocks perceived to be beneficiaries of Artificial Intelligence (AI) trends, with earning upgrades driving share price performance for the fund's holdings.

Conversely, the holdings in Sanofi, Air Products and Unilever underperformed. Sanofi announced results that were lower than expected with subdued sales growth

anticipated for the remainder of the year as the company prioritises research and development.

Meanwhile, Air Products reported disappointing results due to weak industrial demand, particularly in China, resulting in further downgrades to earnings forecasts. Unilever reported robust underlying sales growth for 2023 but declining market share, with the new CEO, Hein Schumacher, looking to improve performance and drive growth by focusing on the company's top 30 brands.

In terms of activity, we sold the holding in McDonalds following a period of strong share price performance, and trimmed the position in Shell. We used the proceeds to initiate a position in UK bank NatWest. In our view, NatWest was attractively valued at the time of purchase, and was trading at 0.6x price-to-book ratio and offering a dividend yield of over 7%. We believe the bank is well positioned for any pick-up in UK economic activity, particularly in the housing market, with good net interest margins, credit quality and cost management.

## Manager outlook

The improving inflationary environment should enable central banks to cut interest rates in 2024, although the size and timing of any cuts remains uncertain. Corporate revenues and earnings are likely to remain under pressure in some sectors as global economic growth slows, and

### Marketing communication

#### Past performance does not predict future returns.

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\*For benchmark/usage and peer group, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

despite the recent strong performance of global equities we believe that opportunities remain to invest in well-managed, resilient businesses at attractive valuation levels. We continue to focus on identifying companies with robust

free cash flow characteristics and strong balance sheets that we believe are well positioned to navigate the uncertain global economic environment.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (17/01/14)
I Acc (Net)	1.02	5.75	1.93	6.01	8.56	7.54	8.10	7.95
Index	1.73	5.85	2.07	7.18	9.96	11.58	11.89	11.69
Peer Group	2.26	7.45	3.02	9.19	9.78	9.00	8.64	8.49

12 month rolling

	Dec 2022- Dec 2023	Dec 2021- Dec 2022	Dec 2020- Dec 2021	Dec 2019- Dec 2020	Dec 2018- Dec 2019
I Acc (Net)	5.98	3.24	14.41	1.25	16.76
Index	4.11	0.66	23.48	12.90	23.44
Peer Group	9.26	-1.10	18.94	3.35	18.93

Performance is on a net of fees basis, with gross income reinvested. Source: at 29/02/24. © 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](http://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 an income in excess of 80% of the income generated by the MSCI ACWI High Dividend Yield Index over any 3 year period with the potential for capital growth over the long term (5 years or more).

For the fund's investment policy, refer to the Additional fund information on page 4.

**Past performance does not predict future returns.**

Fund details

Inception date	01 February 2002
Total net assets	673.14m
Asset class	Equities
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	MSCI ACWI High Dividend Yield Index
Peer group	IA Global Equity Income

For benchmark/usage description, refer to Additional fund information on page 4.

## 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 31 March 2022, the Benchmark changed to the MSCI ACWI High Dividend Yield Index from the MSCI World Index, the Investment Objective & Policy also changed. The past performance shown before this change was therefore achieved under circumstances that no longer apply. In line with the standard policy for our UK funds, the new benchmark will be calculated on a gross return basis. 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 MSCI ACWI High Dividend Yield Index is a measure of the combined performance of large and medium sized companies that pay above average dividends across developed and Emerging Market stock markets around the world. It is the basis for the Fund's income target.

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, 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, to manage the Fund more efficiently, or to generate additional income for the Fund. The Fund is actively managed with reference to the MSCI ACWI High Dividend Yield Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's income target. 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 Global 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 follows a dividend-seeking, valuation-driven strategy that focuses on companies with good and growing cashflow. The investment process seeks to identify companies from around the World with income growth prospects (typically with defensible competitive positions, affordable investment requirements, aligned management behaviour and sustainable returns) and companies with capital growth prospects (typically unloved, with under-appreciated earnings and undervalued shares). The process results in a portfolio well diversified by sector and geography.

### Fund specific risks

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

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— INVESTORS —

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Source: Janus Henderson Investors, as at 29 February 2024, unless otherwise noted.

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