

# GLOBAL RESEARCH GROWTH FUND

## As at December 2022

### Fund objective

The Fund seeks long-term growth of capital by investing primarily in equity securities selected for their growth potential.

### Investment approach

The Fund is an actively managed portfolio of high-conviction investment ideas diversified across all market capitalisations, styles and geographies (excluding Australia). The Manager leverages seven global sector research teams and provides a traditional growth investment approach to the global equity market. The Fund is fundamentally driven with a focus on bottom-up research, quantitative modelling and valuation analysis.

### Benchmark

MSCI World Index ex Australia, net dividends reinvested, in AUD

### Risk profile

High

### Suggested timeframe

5-7 years

### Inception date

18 December 2009

### Fund size

\$22 million

### Minimum investment

\$25,000

### Management cost (%)

0.75 p.a.

### Buy/sell spread (%)

0.15/0.15<sup>^</sup>

### Base currency

AUD

### Distribution frequency (if any)

Annually

### ARSN code

140 461 945

### APIR code

ETL0186AU

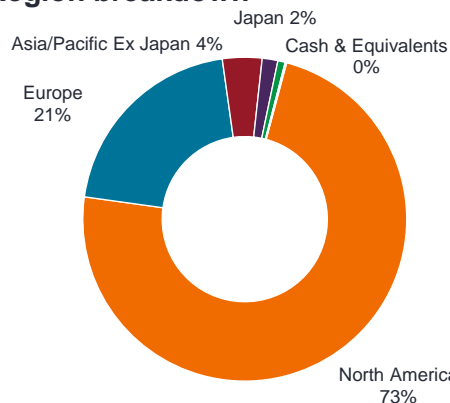
Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (net)	-6.91	0.27	0.63	-22.58	5.74	10.30	14.15	11.59
Growth	-6.91	0.27	0.63	-23.02	-0.86	2.65	4.23	3.99
Income	0.00	0.00	0.00	0.44	6.60	7.65	9.92	7.61
Benchmark	-5.49	3.95	4.31	-12.52	6.22	9.26	13.75	10.92
Excess return	-1.42	-3.68	-3.68	-10.06	-0.48	1.04	0.40	0.67

\*Excess return is measured against net performance.

Past performance is not a reliable indication of future results. Returns over one year are annualised.

Sector weightings (%)	Top 10 holdings (%)		
Information Technology	36.73	Microsoft Corp	9.58
Consumer Discretionary	12.62	Apple Inc	9.23
Health Care	13.77	Alphabet Inc	5.44
Communication Services	9.82	Amazon.com Inc	4.07
Industrials	12.36	ASML Holding NV	3.27
Consumer Staples	6.01	Mastercard Inc	2.61
Financials	4.25	Visa Inc	2.52
Materials	1.37	Ferguson PLC	2.42
Energy	1.40	AstraZeneca PLC	2.33
Real Estate	1.05	T-Mobile US Inc	2.21
Utilities	0.47		
Cash & Equivalents	0.15		

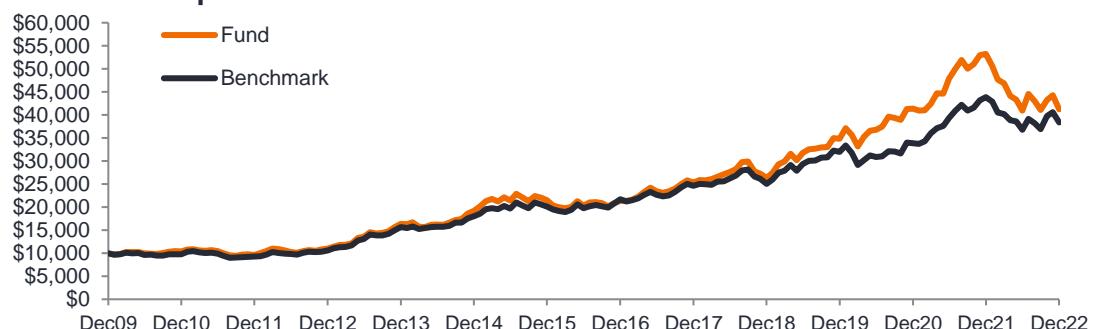
### Region breakdown



### Portfolio characteristics

	Fund	Benchmark
Number of holdings	86	1449
Active share	75.60	-
Turnover (12m)	18.08	-
Standard deviation (5yrs)	13.85	12.34
Sharpe ratio (5yrs)	0.50	0.41
Tracking error (5yrs)	4.49	-

### Cumulative performance



Fund returns are net of fees.

<sup>^</sup> For more information and most up to date buy/sell spread information visit [www.janushenderson.com/en-au/investor/buy-sell-spreads](http://www.janushenderson.com/en-au/investor/buy-sell-spreads)

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(continued)

Janus Henderson  
INVESTORS



**Director of Centralised  
Equity Research**  
Matthew Peron

## Fund performance

The Fund had a negative return and underperformed its benchmark for the one-month period. An overweight position in information technology and stock selection in communication services hindered relative performance. Stock selection in industrials and materials aided relative performance.

Among individual holdings, IT hardware and services company Apple was a notable detractor. The stock has faced headwinds since the company reported its third-quarter results. While it exceeded its top- and bottom-line growth targets, it cautioned of slowing year-over-year revenue growth due to currency headwinds and difficult sales comparisons. The company has also faced uncertainty because of softening advertising and gaming revenues, slower-than-anticipated iPhone 14 sales, and production disruptions caused by COVID outbreaks in China. Apple has, however, continued to deliver strong cash flow.

Due in part to investor concerns over the impact of a slower macroeconomic environment on its various businesses, Google's parent company Alphabet was another detractor. The company's leaders have cited currency shifts, difficult year-over-year comparisons, and generally lower advertising revenues as challenges for its near-term outlook. Despite the stock's decline, we believe Alphabet is well-positioned to benefit from secular tailwinds including the digitalisation of the economy and the growth of online video viewing.

E-commerce and cloud computing company Amazon.com was also a detractor. In late October, the company reported third-quarter earnings that broadly missed analysts' consensus estimates. It also issued cautious guidance for the fourth quarter, reflecting risks that a weaker economy and inflation pressures may dampen holiday spending. The company's Amazon Web Services (AWS), typically one of its most steady growth businesses, has also faced headwinds because of enterprise cost-cutting. From a positive standpoint, the company's advertising revenues have remained relatively strong.

By contrast, Ferguson was a top positive contributor. Ferguson sells plumbing and heating products to consumers, professional contractors, and the construction industry. Despite slowing residential construction, the company has benefited from stronger business trends in end markets such as industrial and infrastructure. Its quarterly financial performance exceeded consensus forecasts, and it affirmed its full-year guidance. We like that the company has relatively low debt levels. It has also used its capital to bolster its balance sheet or return money to shareholders through dividends or stock buybacks.

Relative performance also benefited from the Fund's underweight position in electric vehicle (EV) manufacturer Tesla. Tesla's stock has traded lower since the company reported disappointing third-quarter performance including weaker-than-expected revenue growth. These results reflected multiple factors including a weaker macroeconomic environment, COVID-related shutdowns in Shanghai, currency headwinds, and supply chain challenges. On a positive note, Tesla benefits from a large backlog and strong free cash flow generation. Because the Fund had an underweight position in Tesla, it was less affected by the sell-off in the stock relative to the benchmark index.

Aerospace and defense company Airbus was another positive contributor. In October, the company reported strong revenue growth and healthy cash flow guidance. It also raised its full-year outlook for free cash flow growth. Like Tesla, Airbus also benefits from a large backlog of orders that may support its business even in a less-certain environment. Investor optimism about a planned production increase in Airbus's A320 family of jets also lifted the stock.

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## Market review

Following several months of gains, most global equity markets faced headwinds in December as investors grew more cautious about the economic outlook. Major central banks remained in tightening mode with additional rate hikes expected in 2023. As higher rates started to impact demand, recent data reflected signs of cooling demand and more cautious enterprise and consumer spending. Corporates also reduced their earnings outlooks to reflect higher input, labor, and funding costs. Against this backdrop, most markets ended the year with significant year-over-year declines.

## Market outlook

Looking ahead to 2023, we see signs that higher interest rates are starting to impact economic growth and inflation. We caution that we may see further reductions to corporate earnings as companies adjust to weaker demand and a higher cost of capital. While we anticipate slower growth next year, we believe the more dire predictions for the economy and equity markets are unfounded. In particular, we have been reassured by the resilience of the U.S. economy and by the general health of consumer and corporate balance sheets. China's pro-growth policies and relaxation of zero-tolerance COVID-19 restrictions could also have positive implications for the global economy.

As the market searches for a bottom, we believe investors will seek out companies with high-quality earnings growth, well-capitalised balance sheets, reasonable valuations, and sustainable, organic growth prospects. In our view, such companies will prove resilient not only in the near term but as we leave behind the era of easy monetary policy and ultra-low interest rates. Going forward, demographic shifts and trends such as deglobalisation are likely to lead to higher structural inflation, tighter monetary policy, and a higher cost of capital. This environment will reward companies that are judicious allocators of capital but penalise those with high degrees of leverage or dependence on capital markets financing. Just as this environment will help to distinguish high-quality companies, we believe it will also work to our advantage as active investment managers. We continue to pay close attention to the price we pay for growth as we look for opportunities to take advantage of trends such as e-commerce, cloud computing, digital payments, and healthcare innovation. We believe this disciplined approach will help us manage risk while we pursue our goal of long-term growth of capital.

## Important information

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity ("Responsible Entity") for the Janus Henderson Global Growth Research Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). The Responsible Entity has appointed Janus Capital Management LLC ("Manager") to manage the investments of the Fund. Past performance is not a reliable indicator of future performance. Performance source: Morningstar, Janus Henderson. Performance figures are calculated using the exit price net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. The information in this monthly report should not be considered a recommendation to purchase, sell or hold any particular security. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested. Holdings are subject to change daily. This monthly report has been prepared by Janus Henderson Investors (Australia) Funds Management Limited, AFSL 444268, to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. 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. None of Janus Henderson Investors (Australia) Funds Management Limited nor any of the Janus Henderson group entities nor their respective related bodies corporate, associates, affiliates, officers, employees, agents or any other person are, to the extent permitted by law, responsible for any loss or damage suffered as a result of any reliance by any reader or prospective investor. You should consider the current PDS, available at [www.janushenderson.com/Australia](http://www.janushenderson.com/Australia), before making a decision about the Fund. Janus Henderson Global Growth Research Fund's Target Market Determination is available here [www.janushenderson.com/TMD](http://www.janushenderson.com/TMD). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed. Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated.