

# GLOBAL RESEARCH GROWTH FUND

## As at April 2023

### 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

\$26.3 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

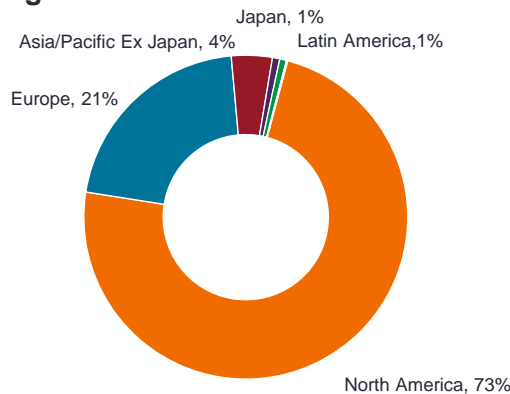
Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (net)	3.27	13.58	14.10	11.83	11.88	13.26	15.18	12.81
Growth	3.27	13.58	14.10	11.19	4.88	5.40	5.17	5.30
Income	0.00	0.00	0.00	0.63	6.99	7.85	10.01	7.51
Benchmark	3.16	9.40	8.61	11.12	12.72	11.11	13.91	11.63
Excess return	0.11	4.18	5.49	0.71	-0.84	2.15	1.27	1.18

\*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	33.94	Microsoft Corp	10.43
Consumer Discretionary	13.07	Apple Inc	10.24
Health Care	12.18	Alphabet Inc	5.86
Communication Services	9.10	Amazon.com Inc	4.05
Industrials	10.98	NVIDIA Corp	3.36
Consumer Staples	6.27	ASML Holding NV	2.89
Financials	9.18	Visa Inc	2.21
Materials	2.88	Mastercard Inc	2.12
Energy	1.35	Pernod Ricard SA	2.10
Real Estate	0.53	AstraZeneca PLC	2.07
Utilities	0.40		
Cash & Equivalents	0.12		

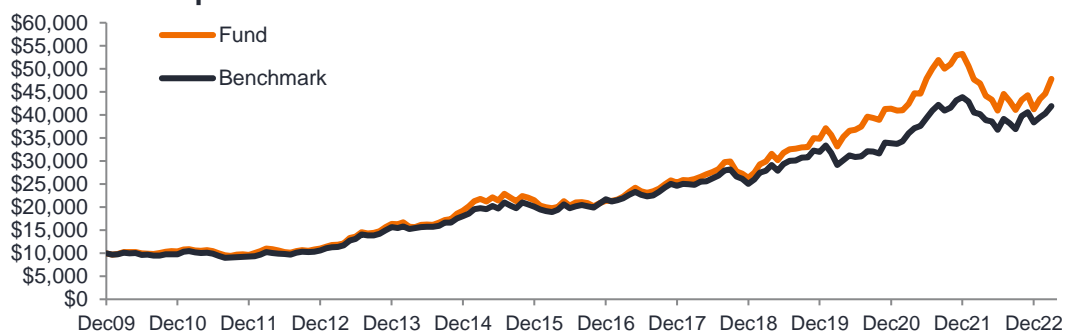
### Region breakdown



### Portfolio characteristics

	Fund	Benchmark
Number of holdings	92	1448
Active share	71.94	-
Turnover (12m)	19.44	-
Standard deviation (5yrs)	14.30	12.44
Sharpe ratio (5yrs)	0.69	0.56
Tracking error (5yrs)	4.76	-

### 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)

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**Director of Centralised  
Equity Research**  
Matthew Peron

## Fund performance

The Janus Henderson Global Research Growth Fund (Fund) outperformed the MSCI World ex-Australia Index (net dividends reinvested) in AUD (Benchmark) for the month, aided by stock selection in the materials and information technology sectors. Investments in the health care and financials sectors detracted from relative performance, due in part to negative stock selection.

Top contributors among individual holdings included Teck Resources, a cost-disciplined producer of steelmaking coal, copper, and zinc. The stock jumped higher on news that natural resources company Glencore made an unsolicited offer to acquire Teck Resources for a premium. Teck Resources reported better-than-expected results for the first quarter of 2023, while it maintained its full-year outlook despite some weather-related production disruptions.

Relative performance also benefited from an overweight investment in computer hardware and services company Microsoft. Microsoft reported very strong quarterly results, as both revenue and earnings-per-share (EPS) growth exceeded analyst expectations. These results showed strength across most major business lines, including Office 365, Dynamics, and Azure. Microsoft also issued better-than-expected guidance. Additionally, the stock has benefited from excitement around the company's artificial intelligence (AI) initiatives. The company's management hope that infusing AI through Office, Azure, Search, and other products may strengthen long-term growth trends across the business.

Relative performance was lifted by the Fund's underweight position in electric vehicle (EV) manufacturer Tesla, as the stock declined in April. While the company reported relative robust production metrics for the first quarter of 2023, the pace of vehicle demand remained depressed in China despite the lifting of COVID restrictions. Tesla also reported slowing vehicle demand in the U.S. even as it announced additional price cuts. Taken together, slower demand trends and price reductions have raised concerns over its near-term earnings outlook. For this reason, we remain comfortable with an underweight position in the stock relative to the Benchmark.

On a negative note, Chinese e-commerce retailer JD.com was a notable detractor from relative performance. JD.com saw significant market share gains during the pandemic, supported by its differentiated logistics footprint. More recently, as China has emerged from COVID, these market share advantages have started to narrow. This led the company to announce new advertising and promotional programs aimed at defending its competitive position, leaving investors concerned about the near-term costs of such measures. It also issued a more cautious outlook, as the hoped-for post-lockdown recovery in China has been slower than expected.

Taiwan Semiconductor Manufacturing Company (TSMC) was another detractor. The stock declined after the semiconductor producer reported weaker-than-expected monthly sales. It also indicated that revenue growth may slow further in the second quarter given reduced demand from Apple. Moreover, TSMC outlined a more cautious 2023 outlook, as it warned that the expected recovery in semiconductor demand may get pushed out further as customers continue to draw upon inventories. Despite near-term uncertainty, we remain upbeat in our longer-term outlook for TSMC given its new product introductions across gaming, data center, automotive, software, and services.

A more pessimistic near-term outlook for semiconductor-related capital investment also pressured shares of semiconductor equipment manufacture ASML Holding. The stock declined following news that that some customers may be pushing out their spending into 2024 or 2025 given a more cautious near-term environment. While this created near-term uncertainty for orders, ASML Holding continues to benefit from a large orders backlog that may help to support its business.

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## Market review

Global equities, as measured by the MSCI World Index, delivered positive returns in US dollar terms on optimism that the U.S. Federal Reserve (Fed) may be close to pausing its monetary tightening cycle. Some upbeat corporate results in developed markets provided further support for investor sentiment during the month. However, investor concerns about a global economic slowdown and renewed worries about the banking sector, as another U.S. regional lender neared collapse, acted as headwinds for stocks.

## Market outlook

Looking ahead, we see reasons for optimism as well as caution. We view recent bank crises as reflective of weaker business models and questionable decision-making, rather than of wider systemic issues that may portend another banking crisis. Yet we recognize that the stresses that contributed to these problems are far from behind us. The aggressive rate hikes of the past year are still working their way through the global economy and could lead to further pullbacks in lending and liquidity, as well as slower economic growth. This could put additional strain on companies with weaker business models or balance sheets, raising the risks of negative surprises and heightened market volatility. That said, we believe the odds of a deep economic downturn remain low, especially in the U.S. We have also been reassured by the decisive actions that policymakers have taken to provide liquidity where needed, and we expect central banks to increasingly prioritize financial sector stability alongside their pursuit of price stability. As a result, we believe we may be close to the peak of rate hikes, with the potential for a pause or even a reduction in rates, especially in the U.S., in the second half of 2023.

At the same time, we see recent developments as more confirmation that we are in the late stages of the economic cycle, a period when rates may stop rising but earnings may start to decline. This is not the stage for financial risk-taking, and we remain defensive in our approach and highly selective in our investments. We believe this stage could reward our commitment to fundamental analysis, as we continue our efforts to distinguish between winners and losers. We will continue to pay close attention to the quality of balance sheets and management teams. We will also look for opportunities to use volatility to our advantage as we seek companies providing growth at a reasonable price.

## 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.