

# GLOBAL RESEARCH GROWTH FUND

## As at February 2021

### 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

\$21.9 million

### Minimum investment

\$25,000

### Management cost (%)\*

0.75 p.a.

### Buy/sell spread (%)

0.15/0.15

### Base currency

AUD

### Distribution frequency

Annually

### ARSN code

140 461 945

### APIR code

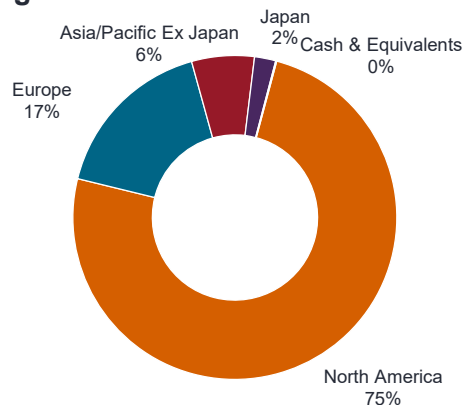
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Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (net)	0.29	-0.63	3.57	14.97	16.81	15.55	14.28	13.58
Growth (net)	0.29	-0.63	3.57	-2.02	4.79	4.49	4.61	4.93
Income (net)	0.00	0.00	0.00	17.00	12.02	11.07	9.67	8.65
Benchmark	1.64	0.68	6.61	7.79	11.10	12.31	12.60	11.68
Excess return*	-1.35	-1.31	-3.04	7.18	5.71	3.24	1.68	1.90

\*Excess return is measured against net performance.  
Past performance is not a reliable indication of future results.

Sector weightings (%)	Top 10 holdings (%)		
Information Technology	38.46	Microsoft Corp	8.98
Consumer Discretionary	14.06	Apple Inc	8.73
Communication Services	12.95	Amazon.com Inc	5.69
Health Care	11.73	Alphabet Inc	5.49
Industrials	9.62	ASML Holding NV	3.05
Consumer Staples	5.41	Facebook Inc	2.78
Financials	3.63	Adobe Inc	2.52
Materials	2.14	Taiwan Semiconductor Manufacturing	2.06
Real Estate	1.10	Mastercard Inc	2.03
Energy	0.46	Visa Inc	1.97
Utilities	0.32		
Cash & Equivalents	0.12		

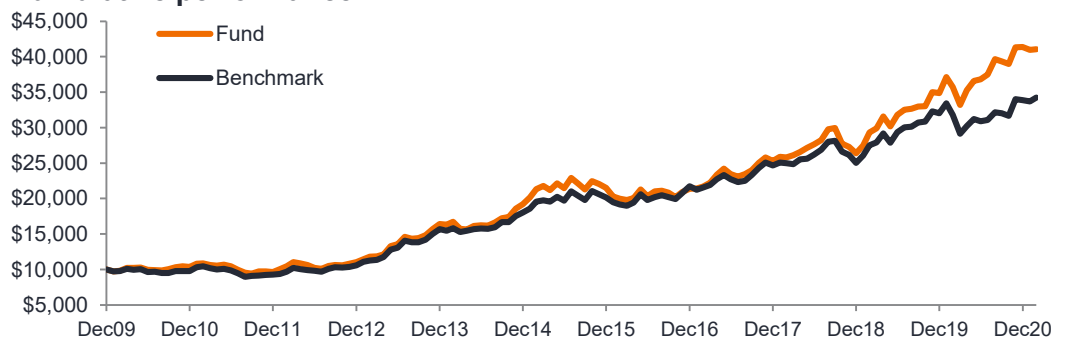
### Region breakdown



### Portfolio characteristics

	Fund	Benchmark
Number of holdings	89	1518
Active share	76.33	-
Turnover (12m)	55.90	-
Standard deviation (5yrs)	11.31	10.88
Sharpe ratio (5yrs)	1.51	1.18
Tracking error (5yrs)	3.74	-

### Cumulative performance



Fund returns are net of fees.

^ 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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**Director of Centralised  
Equity Research**  
Matthew Peron

## Fund performance

The Janus Henderson Global Research Growth Fund (Fund) underperformed the MSCI World Index ex Australia (net dividends reinvested) (Benchmark) by 1.35% net of fees in February. Areas of relative weakness included financials, where our underweight in the sector detracted from results. Financial stocks were among the market's strongest performers in February, benefiting from a rising rate environment. Our overweight in technology also detracted, as the sector sold off due to investors taking gains in strong-performing stocks and higher-trending rates. Conversely, positive stock selection within health care bolstered results. While we aim to outperform over shorter periods, our goal is to provide consistent outperformance long term by focusing on what we consider our strengths: picking stocks and avoiding macroeconomic risks. Stocks are selected by our seven global sector teams, which employ a bottom-up, fundamental approach to identify what we consider the best global opportunities.

Top individual detractors included technology hardware and services company Apple and online retailer Amazon.com. Both stocks sold off alongside other technology-related stocks as a result of investors taking gains in stocks that have been beneficiaries of pandemic-related safe-at-home ordinances. An increase in US bond yields also pressured the stocks. Our long-term outlook for both companies remains positive. Apple exceeded earnings estimates for its most recently reported quarter and provided a strong outlook for the upcoming quarter. We believe its diverse mix of hardware and software revenue streams, as well as growth opportunities in emerging markets such as India and China, will continue to bode well for the company. Amazon.com also reported consensus-beating estimates in revenue and earnings and provided strong revenue guidance. The company announced that Jeff Bezos will step down as CEO in the third quarter of 2021 and take on a new role as executive chairman. Bezos will be succeeded by Andy Jassy, CEO of Amazon.com's successful cloud business.

Consumer product giant Unilever also weighed on relative performance. Optimism sparked by the return of a previous sales target for annual underlying growth was overshadowed by concerns of rising prices and weakening currencies in emerging markets. The company also reported full-year 2020 earnings that disappointed investors. We are encouraged by recent management changes and market share gains and maintained our position in Unilever.

A number of holdings contributed to the Fund's relative results, including Google parent Alphabet. The stock rallied after management reported quarterly results that easily surpassed analysts' expectations. Highlights included a 46% increase in advertising revenue for the company's YouTube channel and substantial increases in margins for its Google Services and Google Cloud businesses.

Contributors to the Fund's results also included UK-based global sports betting and gaming company Entain, formerly GVC Holdings. The company continued to hold onto a substantial share price gain resulting from MGM Resorts International's \$11 billion bid to buy Entain in January. Entain rejected the proposal based on its assessment that the bid "significantly undervalued" the company. The stock tacked on additional gains in February after management reported strong quarterly financial results that included a 41% increase in online revenues. We believe Entain's proprietary product and technology offerings will allow it to deliver market-leading products at faster speeds to customers. We also are encouraged by momentum in betting and gaming in the US, where Entain continues to gain market share.

A decline in coronavirus infections and an improving outlook for the travel industry provided a supportive backdrop for online travel reservations company Booking Holdings. The company reported better-than-expected quarterly financial results in February, which added to investor optimism for the stock. We have been impressed with the resiliency of Booking.com's business model throughout the pandemic and believe pent-up travel demand resulting from lockdowns could bode well for the company once lockdowns lift.

## Market review

Global equities advanced in February, rallying amid rising confidence in an economic recovery, growing prospects for additional US fiscal stimulus, progress in COVID-19 vaccine distribution and consensus-beating corporate earnings. At month-end, however, rising global yields and inflation concerns pressured high-valuation growth stocks and shares of companies with greater sensitivity to interest rates.

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In the US, an increase in producer prices in January and a notable jump in retail sales helped to push the 10-year Treasury yield to its highest level in a year. Despite budding inflation concerns, US Federal Reserve officials expressed their continued commitment to keeping benchmark lending rates low until the job market recovers and price increases are a clear and consistent trend. Meanwhile, positive COVID-19 vaccine developments and the prospect of \$1.9 trillion in additional pandemic relief helped US equities record solid gains for the month.

Stock markets in Europe, the UK and Japan also climbed higher, lifted by vaccine optimism and signs of economic resilience, including improving manufacturing activity in all three regions. While emerging markets stocks also advanced, they underperformed developed markets stocks.

## Market outlook

Our outlook for equities is positive, supported by expectations of strong earnings growth and the notion that the global economy may be healing more rapidly than anticipated. While we recognise that businesses and households could again shut their wallets in the event of an extended and uncontrolled increase in COVID-19 infections, many countries have coalesced around the idea that certain economic activity remains essential and many companies have learned to adapt their business models to accommodate changes in client behaviour. Still other companies have benefited from helping businesses and households navigate the health crisis, such as those providing remote working and e-commerce solutions, and innovative pharmaceutical and biotechnology firms developing COVID-19 therapies and vaccines.

The value these sectors added to the economy in 2020 enabled them to generate some of the year's highest market returns and, as evidence builds that a "V-shaped" recovery is emerging, we believe they have the potential to be joined by other sectors. Improving economic conditions are already being reflected in corporate earnings and upwardly revised estimates for the coming quarters. Notably, leading the expected earnings gains for 2021 are industrials, consumer discretionary and materials – three sectors typically dependent upon broad economic growth.

While a broadening recovery in equities, in our view, is grounded in favourable fundamentals, certain risks remain. Among them are the unknown duration of the pandemic and, in the US, potential changes in the regulatory environment and a possible inflationary surprise. Although we remain cognisant of these risks, we view fundamentals, forward-looking management teams and low interest rates as strong catalysts capable of helping equity markets overcome adversity.

### Important information

\*The management fee was changed from 1.25% to 0.75% on the 11 November 2019.

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