

# GLOBAL RESEARCH GROWTH FUND

## As at August 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

\$23.0 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

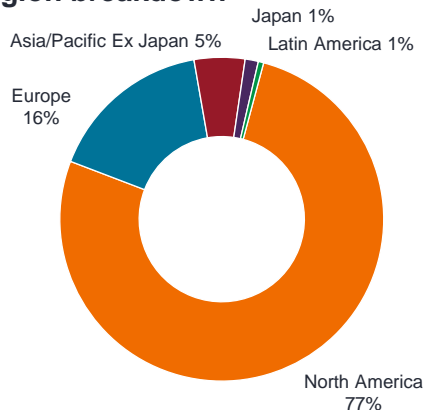
Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (net)	-3.62	-0.87	-9.91	-17.29	9.54	12.91	15.22	12.28
Growth (net)	-3.62	-1.43	-10.42	-17.76	2.70	5.08	5.21	4.43
Income (net)	0.00	0.56	0.51	0.47	6.84	7.83	10.01	7.85
Benchmark	-2.54	-1.11	-5.88	-9.62	8.21	11.12	14.20	11.17
Excess return*	-1.08	0.24	-4.03	-7.67	1.33	1.79	1.02	1.11

\*Excess return is measured against net performance.

Past performance is not a reliable indication of future results.

Sector weightings (%)	Top 10 holdings (%)		
Information Technology	39.46	Microsoft Corp	10.81
Consumer Discretionary	12.84	Apple Inc	10.37
Health Care	12.06	Alphabet Inc	5.75
Communication Services	11.02	Amazon.com Inc	5.67
Industrials	11.72	ASML Holding NV	2.82
Consumer Staples	5.83	Ferguson PLC	2.36
Financials	3.41	Mastercard Inc	2.31
Materials	1.05	Visa Inc	2.29
Energy	0.86	Constellation Brands Inc	2.07
Real Estate	0.88	AstraZeneca PLC	2.05
Utilities	0.33		
Cash & Equivalents	0.54		

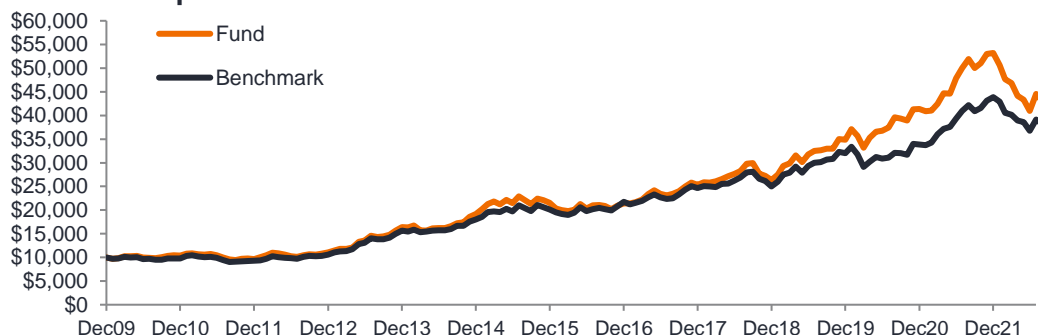
## Region breakdown



## Portfolio characteristics

	Fund	Benchmark
Number of holdings	89	1456
Active share	74.29	-
Turnover (12m)	18.72	-
Standard deviation (5yrs)	13.21	11.69
Sharpe ratio (5yrs)	0.73	0.60
Tracking error (5yrs)	4.28	-

## 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)



**Director of Centralised  
Equity Research**  
Matthew Peron

## Fund performance

The Janus Henderson Global Research Growth Fund (Fund) underperformed the MSCI World ex Australia Index (net dividends reinvested) (Benchmark) for the month, due primarily to an overweight position in the technology sector and an underweight in the energy sector. Weak stock selection within the consumer sector also hindered relative results. Conversely, our selections within the communications and health care sectors buoyed performance.

Top individual detractors included ASML, a manufacturer of semiconductor equipment. The company exceeded analysts' earnings estimates for the second quarter, reporting record bookings and a massive order backlog, particularly for its proprietary extreme ultraviolet (EUV) lithography scanners. However, its stock pulled back after management cut its 2022 revenue outlook in half due to delayed revenue recognition. Our longer-term outlook for ASML remains positive as we believe, even in a moderate recession, customers will continue to rely on ASML's technology to advance their road maps.

Shares of graphics chipmaker Nvidia also slid lower. Management preannounced an earnings miss and reduced forward guidance, citing a weaker economic environment and a significant drop in demand for its graphics gaming cards. We maintained our position in Nvidia, as our research, including conversations with multiple industry checkpoints, suggests that Nvidia continues to hold a dominant position within the artificial intelligence space.

Relative detractors also included Microsoft, which missed revenue and profit estimates for the quarter ended 30 June but reported strong growth in its cloud business (Azure), which is approaching half of the company's total revenue. Management guided for double-digit growth in revenue and operating income for 2023, which we view as a testament to the resilience of its business. The software maker is taking significant market share of enterprise IT software spending, highlighted by Azure's record number of US\$100 million-plus deals as Azure increasingly hosts mission-critical apps and workloads for the largest enterprises globally.

Conversely, Teck Resources bolstered results. Although inflation is driving operating costs higher, investors were pleased that management has maintained its full-year guidance for copper and zinc production. Additionally positive for the stock was news that the company plans to buy back US\$500 million of Teck's stock, effectively doubling its buyback plan. We're excited to see Teck's progress in the buildout of a low-cost, long-life copper project in northern Chile that will enable it to double its copper production in 2023. Further boosting our optimism for the company is our belief that as supply chain bottlenecks begin to resolve, demand for base metals such as copper and steel will increase substantially.

Cloud-based data warehousing company Snowflake also contributed to the Fund's relative results. In its most recent quarterly earnings report, the company announced year-over-year revenue growth of 83%, largely erasing investors' worries that growth may be moderating. Snowflake also raised its guidance for full-year revenue and margins.

Standout contributors also included drug manufacturer Sarepta Therapeutics. The stock climbed after the company said it had received positive feedback from the Food and Drug Administration (FDA) and would seek accelerated approval for SRP-9001, a gene therapy for Duchenne muscular dystrophy (DMD). The move is earlier than expected and could transform patient lives: DMD is a fatal, hereditary muscle-wasting disease that affects tens of thousands of children. Sarepta presented integrated data from several clinical trials for SRP-9001 showing a clinically meaningful benefit. The drug was also safe and well tolerated by patients. In addition, Sarepta is conducting studies for an improved version of an alternative DMD program known as exon skipping, which could prove complementary to the gene therapy approach.

## Market review

After performing well in early August on flat US inflation data and increased hopes for a pivot in Federal Reserve (Fed) policy, global markets plunged later in the month after Fed Chair Jerome Powell confirmed the US central bank would keep tightening "for some time." Both the Fed and the European Central Bank (ECB) are expected to announce further interest-rate hikes in September. Slowing economic growth continued to drag on oil prices. The US benchmark West Texas Intermediate (WTI) ended August below US\$90 a barrel, while the European benchmark Brent Crude fell back below US\$100.

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**Janus Henderson**  
INVESTORS

## Market outlook

The Fed and central banks around the world are engaged in a delicate balancing act as they attempt to rein in economic growth through rate hikes without sending the economy into a severe recession. In our view, the odds of a dramatic downturn are low, particularly in the US, where balance sheets for consumers and corporations are healthy and could prevent the economy from falling into a prolonged and deep recession. We also are encouraged by stimulus measures recently rolled out in China, which, as the world's second-largest economy, could help bolster a slowing global economy.

That said, we anticipate that economic growth will slow as the world adjusts to central bank policy changes and the new rate regime. Against this backdrop, we remain confident in our strategy of investing in quality stocks demonstrating growth-at-a-reasonable price and have somewhat tightened the Fund's equity duration to further reduce its sensitivity to rising interest rates. We also remain confident in the investment themes represented in the portfolio, particularly e-commerce, cloud computing, digital payments, and health care innovation. We believe these powerful secular growth trends will be a key component of equity returns over the long term and have high conviction in our selections within these industries.

## 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.