

GLOBAL RESEARCH GROWTH FUND

As at October 2020

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 six 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

\$121 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

ETL0186AU

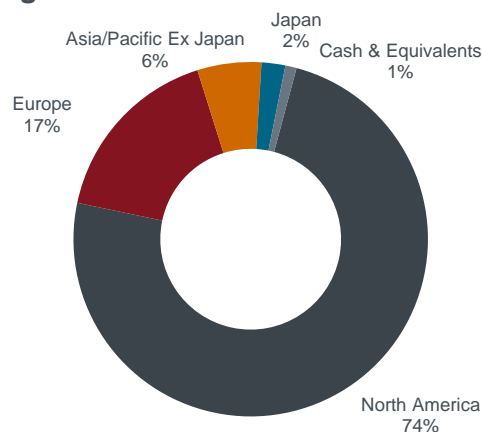
Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (net)	-0.97	3.98	10.46	18.05	16.01	11.74	14.26	13.47
Growth (net)	-0.97	3.98	-5.87	0.60	4.07	1.05	4.59	4.58
Income (net)	0.00	0.00	16.33	17.45	11.94	10.70	9.67	8.89
Benchmark	-1.13	1.99	4.90	2.71	9.25	8.51	12.49	11.25
Excess return*	0.16	1.99	5.56	15.34	6.76	3.23	1.77	2.22

*Excess return is measured against net performance.

Past performance is not a reliable indication of future results.

Sector weightings (%)	Top 10 holdings (%)		
Information Technology	35.49	Apple Inc	8.47
Health Care	13.65	Microsoft Corp	7.08
Consumer Discretionary	13.08	Amazon.com Inc	6.25
Communication Services	12.00	Alphabet Inc	4.48
Industrials	8.63	Facebook Inc	2.94
Consumer Staples	6.66	Adobe Inc	2.51
Financials	5.06	ASML Holding NV	2.25
Materials	2.37	Unilever NV	2.08
Real Estate	1.49	salesforce.com Inc	1.89
Utilities	0.39	Thermo Fisher Scientific Inc	1.81
Energy	0.16		
Cash & Equivalents	1.02		

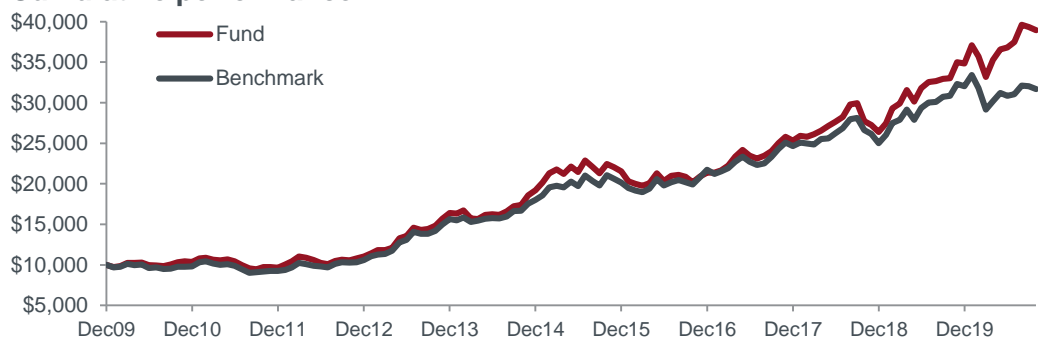
Region breakdown



Portfolio characteristics

	Fund	Benchmark
Number of holdings	91	1539
Active share	74.07	-
Turnover (12m)	41.30	-
Standard deviation (5yrs)	11.72	10.83
Sharpe ratio (5yrs)	0.98	0.65
Tracking error (5yrs)	3.68	-

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

GLOBAL RESEARCH GROWTH FUND

(continued)



**Director of Centralised
Equity Research**
Matthew Peron

Fund performance

The Janus Henderson Global Research Growth Fund (Fund) outperformed the MSCI World Index ex Australia (net dividends reinvested) in AUD (Benchmark) due primarily to positive stock selection within the communications and health care sectors. Conversely, relative performance was hindered by the weak results of select financials and consumer holdings.

On an individual stock basis, top contributors included communications holdings Alphabet and Tencent Holdings. Google parent Alphabet reported fiscal fourth quarter earnings and revenue that handily beat analysts' expectations and sent the stock soaring. Earnings highlights included a significant increase in advertising spending for its search and YouTube segments. China-based social media company Tencent continued to benefit from increased time spent online during pandemic-related quarantines. The stock received an additional boost in the final days of the month after a US appeals court rejected a Justice Department request to let the government immediately ban Tencent's WeChat from being downloaded in the Apple and Google app stores.

Technology holding Avalara also contributed to relative performance. Through its cloud-based software platform, Avalara enables customers to more easily identify applicable tax rates, prepare and file tax returns, maintain tax records and manage compliance documents. Increased adoption of its compliance automation suite of products supported stock gains during the period.

While we were pleased with the Fund's outperformance, select holdings detracted from our relative results, including consumer staples company Constellation Brands. Shares of the international beverage company slid lower on concerns of beer supply capacity issues, particularly in Mexico. We continue to like this stock for its attractive portfolio of beer, wine and spirits and were pleased to see improved momentum of on-premises beverage sales during its most recent fiscal quarter. We are also encouraged by the strong launch and sales of Corona Hard Seltzer during the spring and summer.

Financials holding Mastercard also detracted. The digital payments company's stock declined after management reported third quarter earnings that fell short of analysts' expectations. International transaction volumes were particularly weak. Positives for the business, however, included an acceleration in tailwinds such as rising e-commerce volumes, declining use of cash among consumers and an increase in business-to-business growth.

Another weak performer was Adobe. The software firm's stock paused in October after strong gains in recent months. We believe the continued migration of work and leisure activities to the web during the pandemic bodes well for Software as a Service companies.

Market review

Global equities declined amid a surge in COVID-19 infections that led to lockdowns in France and Germany and safer-at-home restrictions across other major European countries and several US states. Political uncertainty in the US also weighed on investor sentiment. Investors' concerns were tempered by encouraging economic data that showed US gross domestic product increased at an annualised rate of 33.1% in the third quarter, surpassing consensus estimates, and a stronger-than-expected economic rebound in the eurozone during the third quarter. In Japan, markets declined amid anxiety about the spike in coronavirus cases in Europe and the US and a number of disappointing quarterly earnings reports. Chinese stocks also ended the period lower.

Market outlook

We believe the economy and markets will continue to recover from the pandemic-induced crisis – albeit in fits and starts. At the same time, we are prepared for the possibility of heightened market volatility resulting from key global events, not the least of which include the US presidential election and a potential upsurge in COVID-19 infections. However, in our experience, market volatility often leads to buying opportunities, and our practice is to selectively take advantage of these opportunities to strengthen the Fund.

GLOBAL RESEARCH GROWTH FUND

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To that end, we recently captured some opportunities within the biotechnology industry. Biotech stocks have been a core competency and strength in the Fund, and we remain on the lookout for companies with strong business models and that are developing life-saving therapies. We also remain optimistic about the long-term growth potential of businesses benefiting from the pandemic-induced acceleration in e-commerce and work-from-home trends. Within the consumer space, we continue to identify and invest in companies we believe will enjoy a rebound in demand for their goods and services in a post-pandemic world.

We are optimistic about these enhancements, but we also recognise that, until a COVID-19 vaccine is widely available, the human and economic toll of the virus will be a headwind. However, this global crisis will end. In anticipation of this, markets have already recouped their losses. While a narrow group of stocks and sectors has led the recovery, we believe it will broaden to other sectors. Meanwhile, although we expect the pace of economic recovery to differ from region to region, we are encouraged by recent upticks in global manufacturing activity and consumer spending, which suggest widespread economic improvement.

Important information

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

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