

# GLOBAL RESEARCH GROWTH FUND

## As at July 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

\$28.5 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

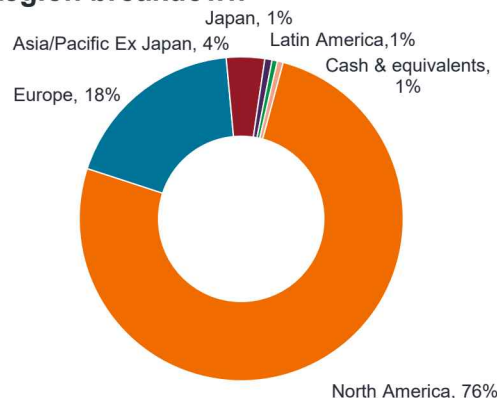
Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (net)	1.15	9.18	24.01	21.02	12.90	13.86	14.04	13.28
Growth	1.15	9.18	24.01	21.02	11.65	7.47	4.53	5.88
Income	-	-	-	-	1.25	6.39	9.51	7.40
Benchmark	2.09	6.52	16.53	17.62	14.04	11.37	12.60	11.92
Excess return	-0.94	2.66	7.48	3.40	-1.14	2.49	1.44	1.36

\*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	35.65	Apple Inc	10.55
Consumer Discretionary	12.98	Microsoft Corp	10.17
Health Care	11.17	Alphabet Inc	5.13
Communication Services	11.62	NVIDIA Corp	5.05
Industrials	9.58	Amazon.com Inc	4.42
Consumer Staples	5.84	Meta Platforms Inc	2.85
Financials	8.33	ASML Holding NV	2.84
Materials	2.58	Visa Inc	2.02
Energy	1.28	Mastercard Inc	1.97
Real Estate	0.00	Pernod Ricard SA	1.82
Utilities	0.39		
Cash & Equivalents	0.58		

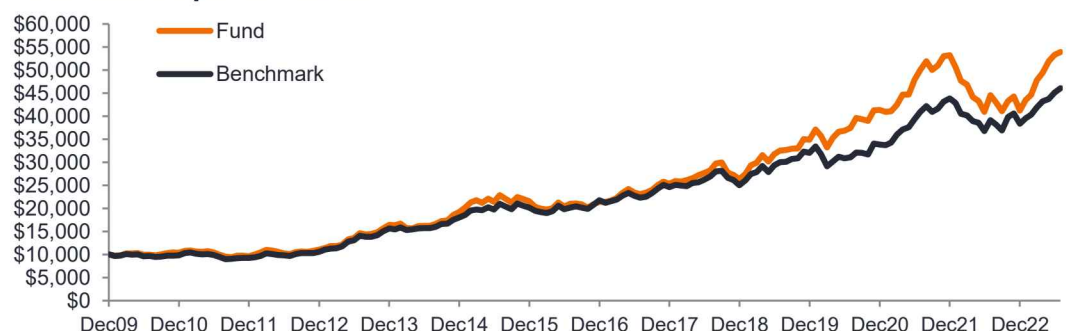
### Region breakdown



### Portfolio characteristics

	Fund	Benchmark
Number of holdings	96	1453
Active share	68.83	-
Turnover (12m)	23.89	-
Standard deviation (5yrs)	14.41	12.45
Sharpe ratio (5yrs)	0.76	0.62
Tracking error (5yrs)	5.02	-

### 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 Janus Henderson Global Research Growth Fund (Fund) underperformed the MSCI World ex-Australia Index (net dividends reinvested) in AUD (Benchmark) for the month. Stock selection in the information technology (IT) sector detracted from relative performance. Stock selection in the consumer staples sector contributed.

Relative performance was hindered as several IT stocks gave background after very strong second-quarter performance. Microsoft was a notable detractor. The stock retreated in July after rallying in the second quarter on excitement around the technology company's artificial intelligence (AI) initiatives, including its efforts to infuse AI through its Office, Azure, Search, and other products. While the company's management hopes these efforts will strengthen long-term growth trends across its business, the benefits of this investment may not be realized until 2024 or beyond. As investors recognized this potential lag, the stock lost ground. Microsoft also reported weaker-than-expected earnings for the second quarter of 2023, and these results also weighed on the stock performance.

Hexagon, another laggard, is a technology company that develops sensor, software, and automation solutions used across industrial, manufacturing, and other industries. The stock sold off after Hexagon's second-quarter results fell short of analyst expectations. Despite missing its earnings targets, the company reported positive business trends and new business wins. The company management team also reiterated a commitment to pursuing efficiency improvements.

Taiwan Semiconductor Manufacturing Company (TSMC) was another relative detractor. While TSMC reported better-than-expected second-quarter results, it disappointed investors by reducing its full-year guidance. Company management also warned that the cyclical downturn in chip demand may be deeper than expected, while the subsequent rebound in chip sales into 2024 may be more muted than anticipated. Despite near-term uncertainty, we remain upbeat on our longer-term outlook for TSMC given its strong competitive positioning and new product introductions across gaming, data center, automotive, software, and services. We also believe TSMC is well positioned as critical supplier of chips needed to support AI-related activities.

On a positive note, Nvidia was once again a prominent positive contributor. The graphics chip company is experiencing a demand inflection for its data center graphics processing units, which are used in generative AI applications. Nvidia's stock rallied in July on expectations for rapid revenue growth in the second half of the year, driven by strong demand for its products from data centers, cloud service providers, consumer internet companies, and AI startups. It has been seen as a more direct beneficiary of near-term AI-related spending relative to other technology companies.

Alphabet was also a standout performer. The Google parent company reported results that exceeded analyst expectations across nearly every metric. In particular, revenue growth for its search business, YouTube advertising, and cloud-based offerings exceeded consensus targets. The company also announced a larger-than-anticipated headcount reduction, as the management team has focused on managing expense growth and expanding margins.

U.S.-focused beverage and spirits company Constellation Brands, another contributor, owns beer brands such as Modelo and Corona. Despite economic pressures, the company has reported better-than-expected sales trends, with notable strength for major brands such as Modelo and Pacifico. It also reported progress in meeting its efficiency improvement targets. We continue to see potential around the company's efforts to expand its revenue growth opportunities through new product launches.

## Market review

Stocks rallied in July, aided by reports of cooling inflation and resilient economic growth. In the U.S., headline Consumer Price Index (CPI) inflation fell to 3% (year-over-year) in June, the lowest rate since March of 2021. While the Federal Reserve (Fed) announced another 25-basis point rate increase in July, investors anticipated that the central bank might be close to ending its series of rate hikes. Other economic news was generally positive, indicating continued albeit moderating U.S. economic growth. Notably, the employment market remained strong, with the unemployment rate measuring 3.6% in June. Against this backdrop, investors hoped the U.S. economy might avoid recession and achieve a soft landing.

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## Market outlook

While we have welcomed signs of a resilient economy, we recognize that central bank rate hikes may take several quarters to impact growth. This could set the stage for slower economic activity in the second half of the year. Slower global economic growth could also have implications for corporate earnings, while challenging companies with weaker balance sheets or business models. For these reasons, we continue to pay close attention to the quality of balance sheets and cash flows, while we carefully assess valuations against expected earnings growth. We remain committed to active stock selection and a disciplined, risk-conscious approach, as we look for opportunities to capitalize on longer-term secular growth trends in sectors such as health care and IT. We remain selective in our consumer discretionary investments, looking to companies that may benefit from a renewed thirst for experiences such as travel and entertainment. At the same time, we are mindful of risks in sectors, such as industrials and energy, that may be more affected by slower global economic growth. Through this disciplined, fundamentals-driven investment approach, we will continue to 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 Equity Trustees 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 Research Growth 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.