

# GLOBAL EQUITY INCOME FUND

**As at December 2020**

**Fund objective**

To achieve dividend yield that exceeds the dividend yield of the MSCI World ex-Australia Index (net dividends reinvested) in AUD with the potential for long-term capital growth.

**Investment approach**

The Fund is actively managed and typically holds between 50-80 companies diversified across geographic regions and industrial sectors. The Fund seeks to deliver regular income distributions with the potential for long-term capital growth through its investment in companies that the Manager has identified as having the potential to generate strong and growing levels of free cash flow.

**Benchmark**

MSCI World ex-Australia Index (net dividends reinvested) in AUD

**Risk profile**

High

**Suggested timeframe**

5 years

**Inception date**

1 May 2015

**Fund size**

\$34.1 million

**Minimum investment**

\$25,000

**Management cost (%)**

0.85 p.a.

**Buy/sell spread (%)**

0.15/0.15<sup>^</sup>

**Base currency**

AUD

**Currency hedging**

Unhedged

**Distribution frequency**

Quarterly

**ARSN code**

604 135 784

**APIR code**

HGI0005AU

**ASX mFund**

JHI03

Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since inception (% p.a.)
Fund (net)	-0.52	6.18	6.08	-5.06	3.29	4.85	4.80
<i>Growth (net)</i>	-2.26	4.32	4.22	-8.08	0.21	1.75	1.92
<i>Distribution (net)</i>	1.74	1.86	1.86	3.02	3.08	3.11	2.87
Benchmark (%)	-0.50	5.68	9.68	5.73	11.16	10.94	9.91
Excess Return (%)	-0.02	0.50	-3.60	-10.79	-7.87	-6.09	-5.11

Returns are net of fees.

Past performance is not a reliable indicator of future performance

Top 10 holdings (%)	Sector weightings (%)
Samsung Electronics 3.77	Information Technology 17.41
Microsoft 3.55	Financials 15.35
Unilever 3.07	Health Care 14.23
Nestlé 2.35	Consumer Staples 11.69
Taiwan Semiconductor Manufacturing 2.27	Industrials 8.97
Zurich Insurance Group 2.26	Utilities 8.86
Cisco Systems 2.26	Consumer Discretionary 7.98
Novartis 2.22	Communication Services 4.59
Roche 2.18	Materials 4.05
Broadcom 2.10	Energy 2.91
	Cash 3.98

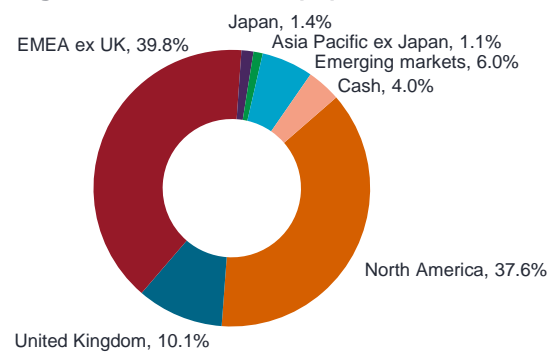
**Portfolio characteristics**

Portfolio dividend yield <sup>1</sup>	3.33%
Benchmark dividend yield <sup>1</sup>	1.82%
Number of holdings	65

<sup>1</sup> Portfolio (and Benchmark) dividend yield is a weighted calculation of the dividends paid by the underlying portfolio holdings (benchmark securities over the last 12 months divided by their closing share price. It is not representative of the Fund's actual distributions.

Past performance is not a guarantee of future performance.

**Regional breakdown (%)**



**Cumulative performance**



Fund returns are net of fees.

<sup>^</sup> Current spread became effective as at 13 May 2020. For more information and most up to date buy/sell spread information visit [www.janus Henderson.com/en-au/investor/buy-sell-spreads](http://www.janus Henderson.com/en-au/investor/buy-sell-spreads)

# GLOBAL EQUITY INCOME FUND

(continued)



**Fund Manager**  
Andrew Jones



**Fund Manager**  
Ben Lofthouse

## Market commentary

Despite the ongoing pandemic, global equity markets were resilient during December. The commencement of COVID-19 vaccination programmes supported sentiment with investors focused on the potential for a strong rebound in economic activity in 2021. News that the US Congress had finally voted to approve a long-delayed stimulus package worth nearly \$900bn was also helpful. Cyclically exposed sectors such as materials, consumer discretionary and financials, as well as technology, continued to outperform. Conversely, more defensive sectors such as utilities, consumer staples and health care underperformed.

## Fund commentary

The Janus Henderson Global Equity Income Fund (Fund) returned -0.52% in December versus the MSCI World ex Australia Index (net dividends reinvested in AUD) (Benchmark) which fell -0.50% in Australian dollar terms.

The Fund's holdings in economically sensitive stocks such as paper company UPM-Kymmene, insurers AIA and Travelers, as well as gambling company Entain, were all beneficial for performance. Technology companies such as Samsung Electronics, Taiwan Semiconductor Manufacturing Company and Broadcom also outperformed. Conversely, holdings in pharmaceutical companies Sanofi, Pfizer and Bristol-Myers Squibb underperformed with holdings in Verizon, Unilever and Corning, a communications equipment manufacturer, detracting from returns.

During the month, VF Corp, Burberry and Volvo were purchased. Clothes retailer VF Group, which owns brands such as North Face, Vans and Timberland amongst others, has a strong online presence and offers attractive dividend growth potential, whilst luxury brand Burberry is trading at a significant discount to its peers and will benefit from an increase in consumer spending as COVID-19 restrictions are lifted. Volvo meanwhile is a beneficiary of the electrification transition in the auto sector and will benefit from an improvement in the heavy-duty truck cycle. It is planning to introduce hydrogen-powered heavy-duty trucks through its tie-up with Daimler-Chrysler within a few years. These purchases were funded by exiting the positions in CyrusOne and GlaxoSmithKline.

In the short-term, the outlook for global economic growth remains challenging as governments tackle the more transmissible variants of the virus. However, the longer-term outlook remains encouraging as vaccination programmes gain traction, whilst monetary and fiscal policy remains supportive. Equity markets have performed well but still look attractive on a yield basis relative to bonds. Certain sectors and stocks have been overlooked by investors and now offer a compelling investment opportunity, which as active investors, we are well positioned to take advantage of. We continue with our strategy of selecting companies with strong free cash flow generation and valuation support that are well positioned to benefit from a recovery in global economic activity.

## Important information

A new Product Disclosure Statement and Additional Information Guide for the Fund dated 30 September 2020 is available at [www.janushenderson.com/australia](http://www.janushenderson.com/australia).

Commodity prices are shown in US dollars (USD) unless otherwise stated. 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 was prepared by Janus Henderson Investors (Australia) Funds Management Limited ABN 43 164 177 244, AFS Licence 444268 and 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 contains general information only and does not take account of your individual objectives, financial situation or needs. 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. Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated.