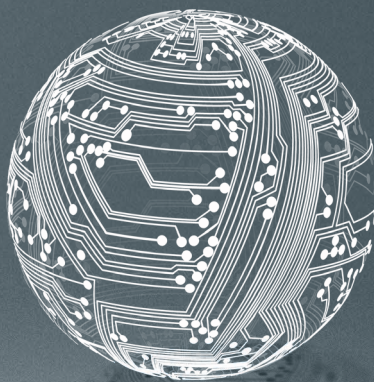


INVESTMENT PROCESS



Janus Henderson Global Technology Strategy

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Key differentiators

- **Navigating the hype cycle:** technology trends are long term but technology stocks can be volatile. The team aims to reduce the volatility of returns by overlaying valuation discipline, risk and liquidity awareness as well as considering ESG* factors.
- **Experience:** Janus Henderson has managed specialist technology assets for more than 30 years and the dedicated technology investment team has 65 years of combined experience.
- **Investing in the unexpected:** unexpected growth can be found across the spectrum and not just in high growth, high valuation stocks so the strategy does not ignore cheaper, less hyped technology stocks.
- **Sustainable growth:** regulation is a key risk in the technology sector so the team proactively engages with management teams to encourage them to understand the inherent holistic risks of their industry and make long-term beneficial decisions. More sustainable profits make for lower risk investments.

*Environmental, social and governance.

Overview

The strategy is designed to capture capital growth opportunities over the longer term in this exciting and disruptive sector. While technology trends are consistent, technology stocks can be volatile. The strategy aims to reduce that volatility by overlaying valuation discipline, risk and liquidity awareness as well as considering ESG factors. By focusing on sustainable growth, it aims to deliver more consistent returns utilising its geographic and sub-sector flexibility, as well as its broader technology mandate, to avoid overhyped areas. Employing a bottom-up stock picking approach the managers aim to identify unexpected earnings growth with an emphasis on barriers to entry, which are often less sustainable than the market assumes. A thematic overlay positions the portfolio to benefit from multiple secular growth themes in the technology sector and helps to manage risk. The high conviction actively managed portfolio typically holds 40-80 stocks and is focused on growth at a reasonable price.

Management team

The strategy is managed by Alison Porter, Richard Clode and Graeme Clark, who have 65 years of combined investment experience, along with two dedicated analysts. The team is purposefully structured with an emphasis on more experienced stock pickers given the investment philosophy of navigating the hype cycle.

Investment philosophy

The team believes that a long-term approach and following consistent technology trends can allow investment in this exciting sector in a less volatile manner. Volatility is concentrated in pockets of overhyped technology where expectations are unrealistic and valuations are excessive. By avoiding those areas of technology as much as possible, the team aims to deliver more consistent investment returns.

Navigating the hype cycle:	Understanding of sustainable barriers to entry
Experience	Depth of experience in tech investing across all regions and subsectors
Specialism & scale	One of the largest specialist technology fund managers in Europe
Management focus	Long-term senior management relationships
ESG	Proactive engagement with companies to drive sustainable growth and to lower risk
Integrated risk management	Liquidity and thematic risks closely monitored
Valuation discipline	GARP* focus; identifying attractive long-term risk/reward
Focused portfolio	High conviction active management in an index-aware construction

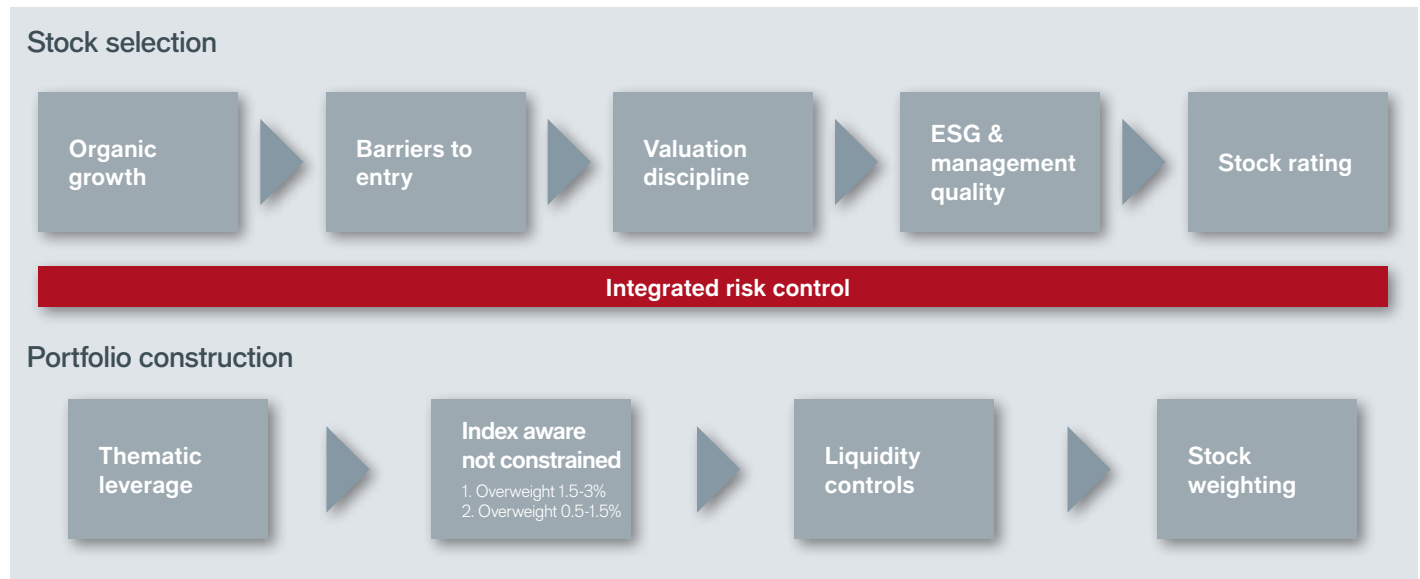
*Growth at a reasonable price.

Past performance is not a guide to future performance and the fund may not achieve its investment objective.

This document reflects the portfolio managers' investment process and style at the time of publication, which may be subject to change without notice.

Janus Henderson Global Technology Strategy

Investment process



The investment process is predominantly bottom-up, with a thematic overlay. All members of the team are sub-sector specialists, providing deep fundamental stock analysis as well as helping to identify longer-term technology themes globally. Geographic and sub-sector weightings are a function of this interaction between bottom-up stock picking and thematic overlay. Aggregate exposure to countries, sub-sectors and themes are closely monitored for risk management.

Key elements to the investment process:

- **Bottom-up and thematic:** identifying potential unexpected earnings growth by understanding key technology trends and the franchises within them.
- **Team structure:** experienced managers, with defined areas of responsibility, in a close-knit team fosters accountability and constant dialogue. A focus on portfolio performance drives competition for capital and effective sell discipline.
- **Risk management:** the team act as a client's front line manager of risk, integrating risk management into every step of the investment process.
- **Proactive investing:** as active managers with superb access to senior management teams, and as stewards of clients' capital, the team engages with companies to ensure they share a holistic view of risks to their business, actively creating more stable profit streams and lower risk investments.

Bottom-up research with a thematic overlay

The team spends the vast majority of its time on fundamental, qualitative research. As well as focusing on bottom-up stock picking, each member of the team will also use their sub-sector specialisms to contribute to the thematic overlay by identifying longer-term technology trends. This thematic overlay is a key consideration in how the portfolio is constructed, both in terms of identifying unexpected growth and from a risk management perspective.

Sub-sector specialism allows each team member to develop long-term relationships with company managements, which helps with their understanding of each company's franchise. The team focuses a lot of its time on identifying sustainable barriers to entry, which it believes is among the strategy's main competitive advantages. This requires experience and a deep understanding of the industry as well as wider disruptive technology trends.

This sub-sector specialism also enables the team's unique approach to sustainable investing. Classical ESG factors are less relevant to the technology sector, which undermines the effectiveness and value of third party ESG research. The team believes strongly that experienced active managers are required in the technology sector in order to identify the more idiosyncratic ESG risks in the sector. This in turn should create more stable profit streams and lower risk investments.



Janus Henderson Global Technology Strategy

Stock rating

Stocks are rated 1-5:	
1	Strong buy
2	Buy
3	Neutral
4	Sell
5	Strong sell

The sector specialist determines the rating on the stock. This is generated through active discussion within the team on the investment rationale including:

- Industry assumptions
- Barriers to entry for the company/industry
- The technology the company possesses
- Management quality
- Financial estimates
- Target multiple and target price
- Thematic implications
- Environmental, Social and Governance (ESG) issues/risks

The investment case for a stock is presented to the team and the rationale is tested and challenged.

Portfolio construction

The stock rating is one of the key inputs in deciding the weighting attached to a stock in the portfolio. The portfolios are built using a 'benchmark aware' model, with the composite index (MSCI All Countries World IT + Communications Services) as the anchor for portfolio construction. However, significant emphasis is also placed on liquidity and thematic factors when sizing positions. In general, stocks with a 1 rating will be the most heavily overweight versus the index, with approximately 1.5-3% active positions.

Sell discipline

The team's emphasis on valuation discipline brings vigour to target prices and constant, active dialogue on the portfolio. Competition for capital among the team for new stocks is a key driver of selling lower conviction ideas and those approaching/at target prices. Ongoing sub-sector specialist assessment and peer review ensures stocks are sold where investment cases have been proven wrong or the thesis has drifted, negating the need for a stop-loss policy.

Portfolio characteristics*

Characteristic	Indicative range
Number of stocks	40-80
Country allocation	Allocation is driven by bottom-up stock selection with a thematic overlay.
Sector allocation	Predominantly invests in technology sectors but may take opportunistic positions (<5%) in related sectors eg. telecoms, media and alternative energy.
Individual stock positions	Max 10%
Market cap	Typically >\$500m
Cash	Max 20%

*To ensure adequate portfolio diversification, the managers use these informal guidelines to assist with portfolio construction. Please note that these ranges are reflective of the portfolio managers' investment process and style at time of publication. They may not be hard limits and are subject to change without notice.

Derivatives

The strategy does not currently use derivatives.

Currency

Currency is not hedged.



“ Continued innovation in the technology sector, combined with positive demographic trends, will result in an ongoing shift in spending patterns, allowing technology to continue to take share of the global economy. This provides a supportive backdrop for technology stocks to continue to outperform, especially if overhyped pockets are avoided, where valuations are excessive and expectations are unrealistic”

Janus Henderson Global Technology Team

Janus Henderson Global Technology Strategy

Risk management

Team specific

Given a key part of the investment philosophy is to reduce the volatility of investing in long-term technology trends, risk management is a key part of the investment process and is integrated at every step.

• Experienced stock pickers

The team is purposefully structured with an emphasis on experienced technology stock pickers as a front line defence in managing risk. That experience is brought to bear at every step of the investment process - from industry assumptions around a new technology, a company's sustainable barriers to entry, valuation and ESG - to ensure risk is managed appropriately.

• Peer review

Detailed peer review and a close-knit team ensure that this is an ongoing process rather than it simply ending upon stock inclusion in the portfolio.

• Liquidity

The fund managers' experience of poor liquidity in market downturns is reflected in close monitoring of liquidity at both stock and portfolio level, with position sizes adjusted accordingly. Experience of prior thematic correlations across sub-sectors also drives close analysis of thematic risk in the current portfolio.

Independent risk monitoring

Janus Henderson has an independent Investment Risk Team (reporting into the Chief Risk Officer), which is ultimately responsible for the oversight and challenge of market risk. The day-to-day market risk activities are carried out by the Portfolio Risk & Analytics Team reporting into the Chief Investment Officer (CIO). This ensures that the resourcing of market risk is appropriate and in line with the investment strategies followed under the CIO, while providing an independent check of the suitability and effectiveness of the market risk function.

The Janus Henderson Market Risk Function, comprising the Portfolio Risk & Analytics Team and the Investment Risk Team, work closely with senior management and portfolio managers as part of the overall investment risk management and oversight process.

Portfolio managers and senior management have access to a variety of third party and internally built risk management tools in order to qualify and quantify the various types of market risks. Daily reports and dashboards are used for day to day monitoring of the portfolio's exposures and risks and regular oversight meetings are held with the fund managers to discuss any relevant risk in the portfolio. A monthly investment performance and risk meeting is held with senior management, allowing the teams to escalate any potential remaining issues and provide senior management with an independent view of the portfolio.

Portfolio Managers



Alison Porter

Portfolio Manager

Alison Porter is a Portfolio Manager on the Global Technology Team at Janus Henderson Investors, a position she has held since joining Henderson in 2014. She is responsible for co-managing the global technology portfolios. Prior to Henderson, she was at Ignis Asset Management (formerly Resolution and Britannic Asset Management) as an investment analyst, portfolio manager, and head of US equities.

Alison has a BA degree (Hons) in economics and industrial relations from the University of Strathclyde and a master's degree in investment analysis from the University of Stirling. She has 24 years of financial industry experience.



Richard Clode

Portfolio Manager

Richard Clode is a Portfolio Manager on the Global Technology Team at Janus Henderson Investors, a position he has held

since joining Henderson in 2014. He is also responsible for co-managing the global technology portfolios. Prior to Henderson, Richard held positions with Gartmore, Moore Capital, and Pioneer Investments as a technology analyst in emerging markets. He began his career in 2003 in the technology sector at Herald Investment Management, where he was a portfolio manager.

Richard received a first class honours degree in modern history from the University of Oxford. He holds the Chartered Financial Analyst designation and has 16 years of financial industry experience.



Graeme Clark

Portfolio Manager

Graeme Clark is a Portfolio Manager on the Global Technology Team at Janus Henderson Investors. He joined Henderson in 2013

and is responsible for co-managing the global technology portfolios. Graeme began his career at Ernst & Young in 1994 as a senior auditor. He later held the position of senior analyst covering European software and IT services on the sell-side for ING, Piper Jaffray, and Jefferies.

Graeme received a degree in accountancy and business from the University of Edinburgh, graduating with honours. He holds a CFA UK Level 4 Certificate in Investment Management and is a member of the Institute of Chartered Accountants in Scotland. He has 25 years of financial industry experience.

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