

PAN EUROPEAN FUND

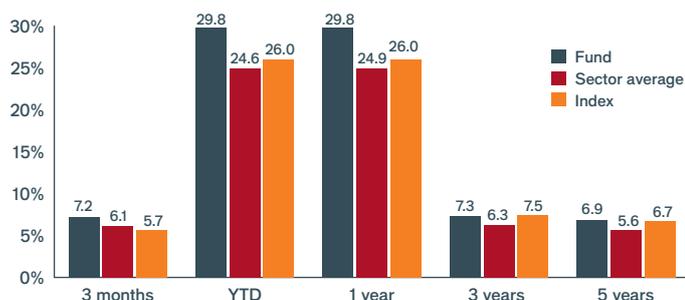
Quarterly review

For promotional purposes | For professional investors only

A large cap core Pan European equities fund designed to:

- **Deliver long-term growth:** uses a high-conviction blend of large and mega cap holdings (to capture sector themes) and under-researched mid-cap stocks (tactical opportunities).
- **Deviate from the benchmark weightings:** unconstrained investment process with no benchmark limitations and the flexibility to seek out alpha across Europe*.
- **Correctly anticipate change:** competitive advantage comes from early insight into macroeconomic and industry trends.

Performance summary (Q4 2019)



Source: Janus Henderson, Morningstar, as at 31 December 2019. Basis: Bid pricing, gross income reinvested, I€ Acc share class, net of fees, cumulative return annualised after one year, in euro terms. Index: MSCI Europe (ex UK) NR. Sector: GIF OS Europe Large Cap Blend.

Performance %

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015	Fund	8.90	5.58	2.85	-1.10	2.94	-4.18	3.75	-7.79	-3.12	6.05	3.83	-3.83	13.21
	Index	7.24	6.93	1.76	0.12	1.59	-4.59	4.00	-8.41	-4.29	8.29	2.68	-5.28	8.74
2016	Fund	-6.19	-3.17	0.86	1.20	2.63	-3.77	2.46	0.60	-0.17	-1.91	2.45	5.60	-0.01
	Index	-6.22	-2.20	1.33	1.92	2.28	-4.25	3.51	0.70	-0.03	-0.82	1.09	5.84	2.58
2017	Fund	0.25	1.60	3.68	2.34	0.76	-2.14	-1.01	-1.06	3.89	1.34	-2.72	0.80	7.74
	Index	-0.37	2.92	3.34	1.69	1.53	-2.48	-0.37	-0.78	3.89	1.96	-2.08	0.79	10.24
2018	Fund	2.41	-3.92	-1.84	3.47	1.21	-0.38	2.65	-1.43	0.09	-6.77	-1.29	-5.95	-11.69
	Index	1.60	-3.86	-2.02	4.61	0.11	-0.69	3.11	-2.25	0.53	-5.31	-0.86	-5.53	-10.57
2019	Fund	6.33	4.41	1.75	4.24	-4.31	4.69	1.10	-1.29	2.80	1.54	2.86	2.64	29.76
	Index	6.19	4.15	2.03	3.77	-4.94	4.43	0.30	-1.44	3.76	0.86	2.70	2.06	26.05

Source: Janus Henderson, Morningstar, as at 31 December 2019. Basis: Bid pricing, gross income reinvested, I€ Acc share class, net of fees, individual monthly returns and annual/year-to-date return. in euro terms. Index: MSCI Europe NR.

Past performance is not a guide to future performance. 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.

Market overview

- We were proven right over the second half of 2019 in our bullish and pro-cyclical view as the macro data stopped deteriorating and, over the last few months, showed nascent signs of improvement.
- This coincided with bearish investor positioning in equity markets and record valuation gaps between growth and value stocks.

Key fund characteristics

Sector	GIF OS European Large Cap Equity
Index	MSCI Europe
Launch date	29 September 2000
Fund size	€0.68bn
Number of stocks [^]	50-60
Fund management	John Bennett ^{**}

Source: Janus Henderson, as at 31 December 2019.

Fund return (Q419)	7.2%
Sector average (Q419)	6.1%
Index (Q419)	5.7%

Source: Janus Henderson, Morningstar, as at 31 December 2019. Basis: Bid pricing, gross income reinvested, I€ Acc share class, net of fees, cumulative return annualised after one year, in euro terms. Index: MSCI Europe NR. Sector: GIF OS Europe Large Cap Blend.

* The fund must invest at least two-thirds of its assets in companies listed in Europe, or with a significant proportion of their operations in the region.

**Please note that as of 31 January 2020 Tom O'Hara became co-manager of this fund.
[^] Illustrative figure, subject to change.

Performance overview

- The fund rose by 7.2% over the quarter compared with a rise of 5.7% in the benchmark MSCI Europe ex UK Index.
- Notable strong performers during the quarter included semiconductor firm STMicroelectronics, Swedish vehicle manufacture Dometic and industrial truck manufacturer Kion.
- Detractors from performance included German automotive, defence and electronics group Rheinmetall, Dutch telecommunications carrier KPN and brewer Carlsberg.

Performance analysis over the quarter

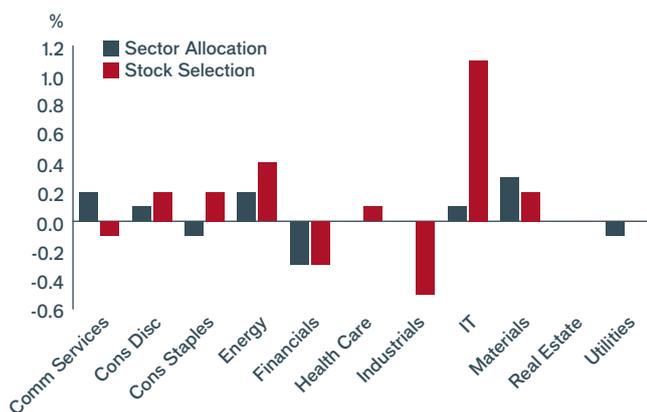
Stock level analysis (relative to the index)

Key contributors	Country	Total effect (%)
STMicroelectronics	France	0.9
Dometic	Sweden	0.5
KION	Germany	0.4
UPM-Kymmene	Finland	0.3
LafargeHolcim	Switzerland	0.2

Key detractors	Country	Total effect (%)
Rheinmettal	Germany	-0.3
KPN	Netherlands	-0.2
Carlsberg	Denmark	-0.2
Wärtsilä	Finland	-0.2
Lloyds Banking Group	Finland	-0.1

Source: Factset/Janus Henderson Investors, as at 31 December 2019.

Sector contributions relative to the index



Source: Janus Henderson, Morningstar, as at 31 December 2019.

Portfolio activity through the quarter

Key buys	% of fund
Sandvik	2.9
Volvo	1.6
Sanofi	1.4

Key sales

Wärtsilä	-
Pernod Ricard	-
BASF	-

Source: Factset/Janus Henderson, as at 31 December 2019.

Drivers

Sector optimism and specific growth prospects for 2020.

The holding rose over the quarter.

Solid results reported in 2019.

A new pulp mill could lead to more than 30% earnings growth by 2023.

The holding rose over the quarter.

Drivers

Shares lagged and we booked some profit on the position.

The holding lagged over the quarter.

Sector weakness.

A poor order and trading outlook.

The holding detracted over period.

Drivers

The fund benefitted from good stock selection, particularly in information technology.

The fund has no exposure to utilities.

Drivers

Trading at discount to capital goods sector despite continuing improved resilience in the cycle.

Attractive quality near the bottom of the cycle, strong management and potential for structural improvement.

Management change is positive for the company.

Drivers

Sold on the back of poor order and trading outlook.

Sold from Disposed.

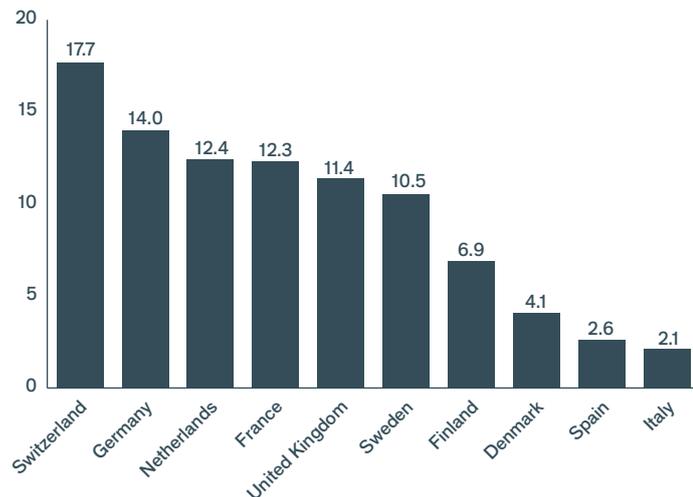
Concerns over full-year 2020 guidance.

Portfolio analysis

Market cap distribution (%)	Fund	Index
>€50bn	33.5	48.6
€20bn-50bn	31.5	26.4
€5bn-20bn	24.4	24.3
€2bn-5bn	8.6	0.7
€500m-2bn	1.3	0.0
Cash	0.7	0.0

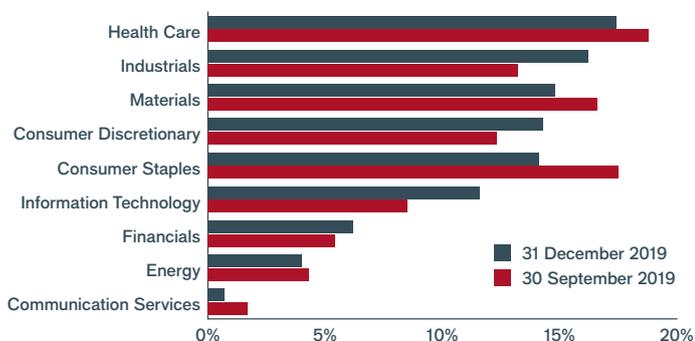
Janus Henderson/Factset, at 31 December 2019. Index: MSCI Europe.

Country allocation: Top 10



Source: Factset/Janus Henderson, as at 31 December 2019.

Change in positioning: sector allocation top 10



Source: Factset/Janus Henderson, as at 31 December 2019.

Portfolio metrics

Risk analysis	Fund	MSCI Europe Index
Value		
Historic Price/Book	2.7x	1.9x
EV/EBIT (historic)	13.0x	15.0x
Growth		
1 year forecast earnings growth	11.8%	10.7%
1 year forecast sales growth	4.2%	3.6%
Quality		
Historic return on equity	18.6%	16.4%
Dividend cover	2.0x	1.8x
Net Debt/EBITDA	1.1x	1.4x

Source: Janus Henderson, as at 31 December 2019.

Risk analysis	
Alpha	-0.8
Beta	1.0
Information Ratio	-0.3
R Squared	94.3
Sharpe Ratio	0.7
Tracking Error	2.3
Volatility	10.5

Source: Janus Henderson/Morningstar, ex-post, three years to 31 December 2019 based on monthly returns. For definitions please refer to glossary details on the back page.

Top 5 stocks by weighting

Name	% of fund	% active weight	Sector
LafargeHolcim	7.4	7.1	Materials
STMicroelectronics	3.9	3.7	Information Technology
UPM-Kymmene	3.7	3.5	Materials
Nestlé	3.4	0.0	Consumer Staples
ASML	3.3	2.0	Information Technology

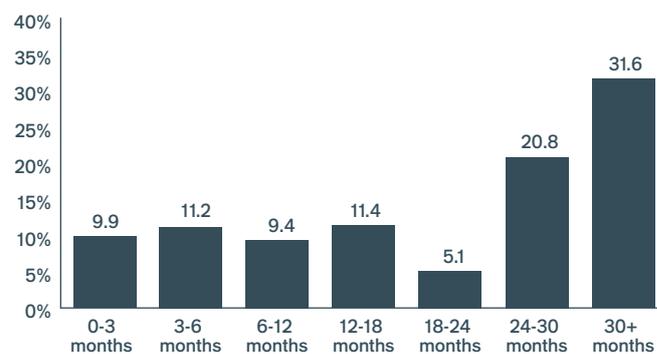
Source: Janus Henderson, Morningstar, as at 31 December 2019. Active weight indicates exposure relative to the MSCI Europe Index.

Activity

The portfolio remains overweight materials, industrials and information technology and heavily underweight financials, reflecting our views on prospects for the European banking sector.

The strategy currently has no exposure to utilities.

Current holding period (% of fund)



Source: Factset/Janus Henderson, as at 31 December 2019.

Note: The chart shows the holding period of current positions.

Outlook

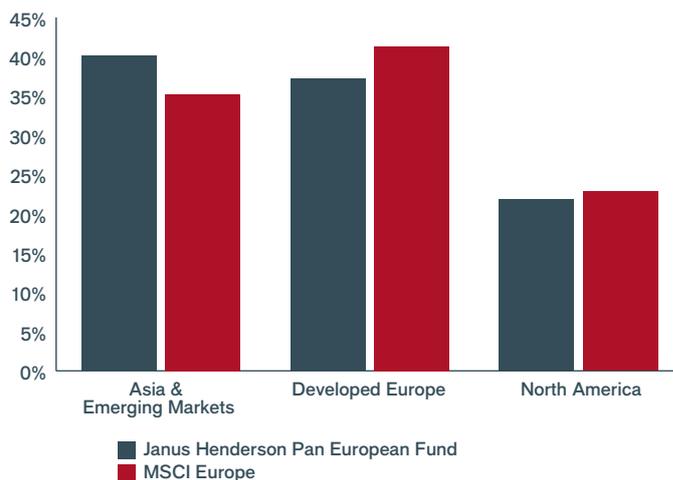
From the macro environment described above, the upcoming year may well lend itself to our strategy which remains focused on a portfolio of bottom-up, well-researched stock ideas, reasonably balanced across sectors and factors, avoiding strong tilts, be they factor or style.

Key holdings

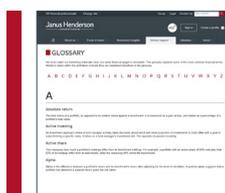
Structural winners	Idiosyncratic value
Adidas	AkzoNobel
ASML	Autoliv
Deutsche Börse	Carlsberg
Grifols	GSK
Mowi	KION Group
	LafargeHolcim
	STMicroelectronics
	Nokian Renkaat
	Rheinmetall
	Sandvik
	Sanofi
	SBM Offshore
	UPM-Kymmene
	Volvo

Source: Janus Henderson Investors, as at 31 December 2019

International exposure – revenue breakdown



Source: Janus Henderson Investors, at 31 December 2019
Note: Totals may not add up to 100 due to rounding



Glossary

Please see HGi.co/glossary for a glossary of financial terms used in this document.

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