Janus Henderson
INVESTORS

Q1 2024

GLOBAL SUSTAINABLE EQUITY FUND

Investing with positive impact

Overall Morningstar Rating™
Award as at 31 March 2024, refers to I Acc GBP share class (ISIN code GB00B71DPP64)

★★★★

Fund facts

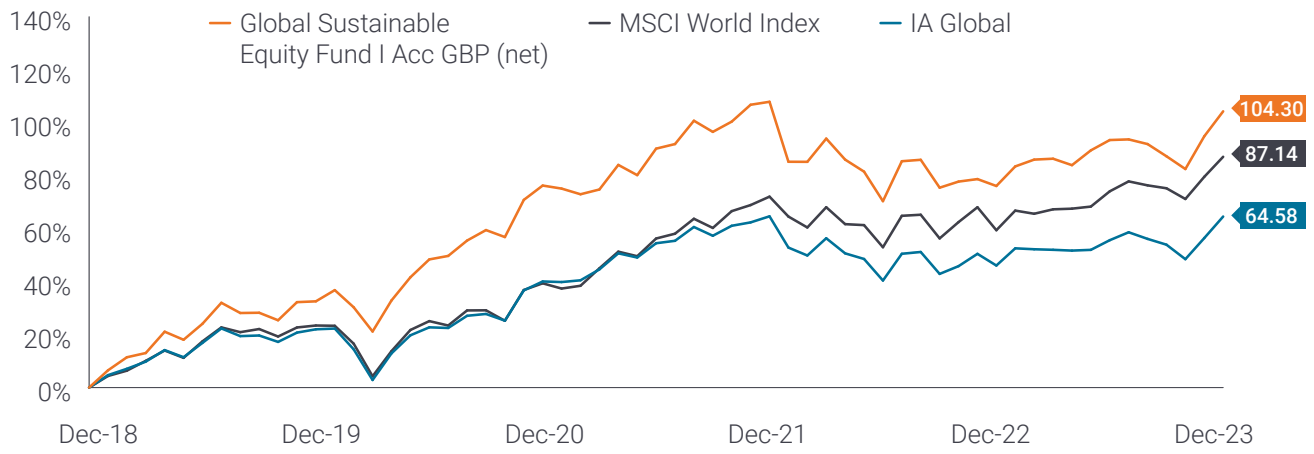
Inception date	1 August 1991
Benchmark	MSCI World Index
Index usage	Comparator
Peer group benchmark	IA Global Equity
Peer group usage	Comparator
Structure	OEIC
ISIN	GB00B71DPP64
Base currency	GBP
Portfolio managers	Hamish Chamberlayne, CFA Aaron Scully, CFA
Fund assets	£2.00bn

Fund characteristics

Active share*	>90%
Position size	3% active maximum**
Number of holdings	50–70
Indicative tracking error range	3–6% per annum
Turnover	20–30%
Regional allocation	+/-10% vs benchmark
Sector positions	Unconstrained
Cash	1–3%

*Active share = the measure of the percentage of stock holdings in a portfolio that differs from the benchmark index. Benchmark index is MSCI World Total Return Index.
**Maximum position size imposed by team.
The fund does not utilise derivatives.

Cumulative performance – GBP (%)



Index description: The MSCI World Index is a measure of the combined performance of large and medium sized companies from developed stock markets around the world. It provides a useful comparison against which the Fund's performance can be assessed over time.

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

Performance – GBP (%)	Q124	1 Year	3 Year	5 Year	10 Year	Since inception (1/08/91)
Global Sustainable Equity Fund I Acc GBP (gross)	9.92	21.24	9.56	15.63	14.13	9.99
Global Sustainable Equity Fund I Acc GBP (net)	9.69	20.21	8.63	14.66	13.17	9.08
MSCI World Index	10.00	23.05	12.38	13.33	13.07	9.41
Peer group benchmark - IA Global	7.89	16.81	7.08	10.09	10.00	7.79

Past performance does not predict future returns.
Returns greater than one year are annualised.

THREE DECADES OF DOING WHAT WE SAY WE DO

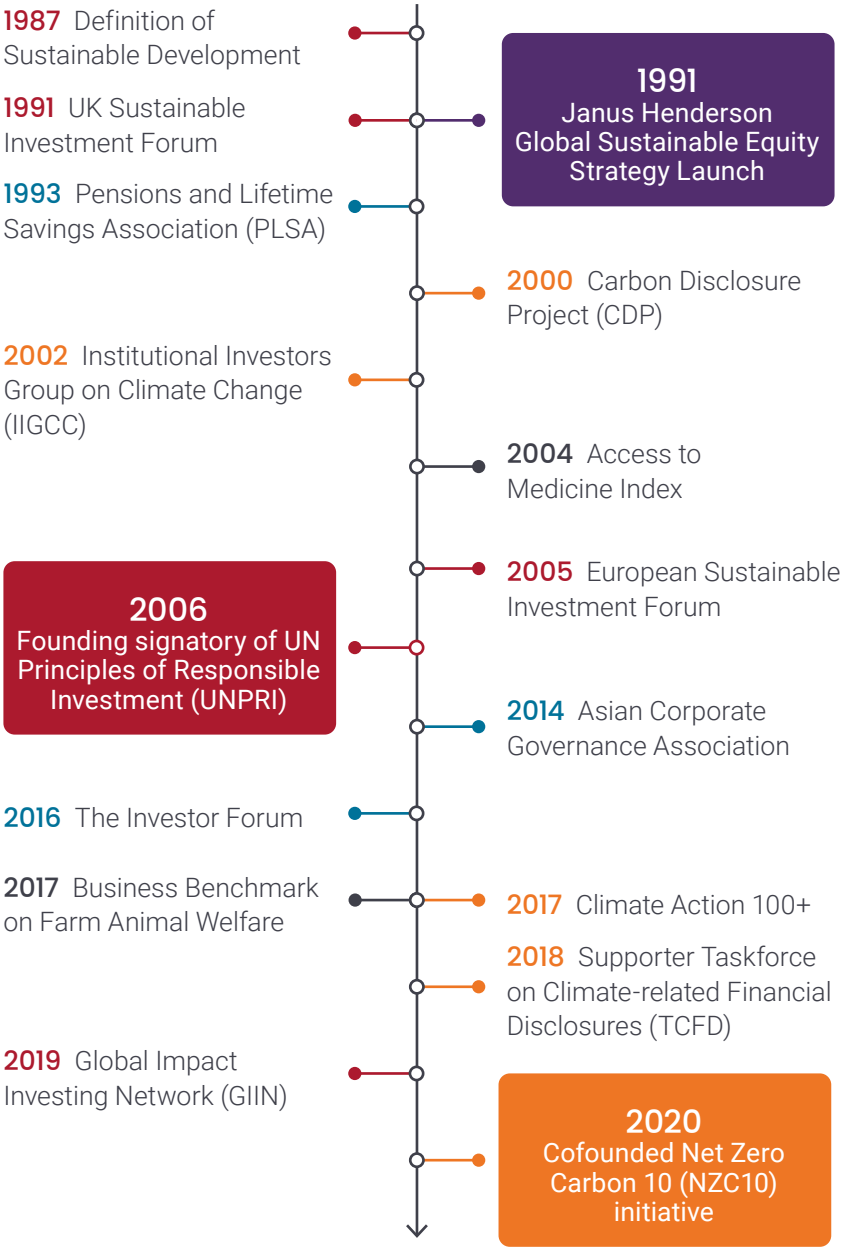
Portfolio management

Hamish Chamberlayne, CFA
Head of Global Sustainable Equities, Portfolio Manager

Aaron Scully, CFA
Portfolio Manager

STRATEGY OVERVIEW

- Established strategy built on a 30-year history of sustainable investing and innovative thought leadership
- High-conviction portfolio with a focus on companies selected for their compounding growth potential and positive impact on the environment and society
- Commitment to provide clients with high standards of engagement, transparency and measurement



TEAM'S ACTIONS WITHIN:
Environmental Social Governance General ESG

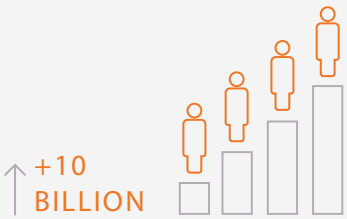
Megatrends

We believe the sustainability challenge is captured by four megatrends which are putting enormous pressure on the global economy: Population growth, ageing population, resource constraints and climate change. In our view, these four have significant implications not just from an environmental and social perspective but also from a financial and investment perspective.

Environmental and social megatrends pressuring the global economy

Population growth

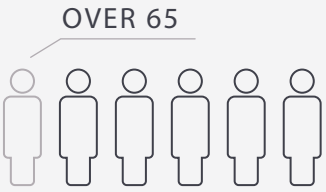
Global population is projected to increase to almost 10 billion by 2050



Societal and cultural changes accompany projected population growth. It is important to consider issues such as age, gender, race, ethnicity, religion and inequality.

Ageing population

By 2050 it is expected that one in six people globally will be over the age of 65 (16%)



Additional goods and services need to be considered such as health care services, financial security and social protection, as well as businesses that offer solutions that address declining workforce participation and rising dependency ratios.

Resource Constraints

Natural capital resources are being damaged and depleted faster than they can be replenished

The ability of the global economy to generate adequate wealth to support social trends relies on companies that protect, enhance or enable more judicious use of natural capital by increasing efficiency, adopting circular business models, and mitigating and reducing pollution.

Climate Change

The greatest environmental and social challenge the world has ever faced

A transition to a low-carbon economic model is paramount.

Companies producing goods and services that contribute to the mitigation, prevention and eradication of climate change are key.

Sources: United Nations, un.org, as of 31/12/19. Global Footprint Network National Footprint Accounts 2019.

> "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."
>
> **Our Common Future, The Brundtland Report, 1987**

Our investment philosophy

We believe there is a strong link between sustainable development, innovation and long-term compounding growth.

Our investment framework seeks to invest in companies that have a positive impact on the environment and society; and at the same time, it helps us stay on the right side of disruption by avoiding companies we consider to be involved in activities that are harmful to the environment or society.

We believe this approach will provide clients with a persistent return source, deliver future compound growth and help mitigate downside risk.

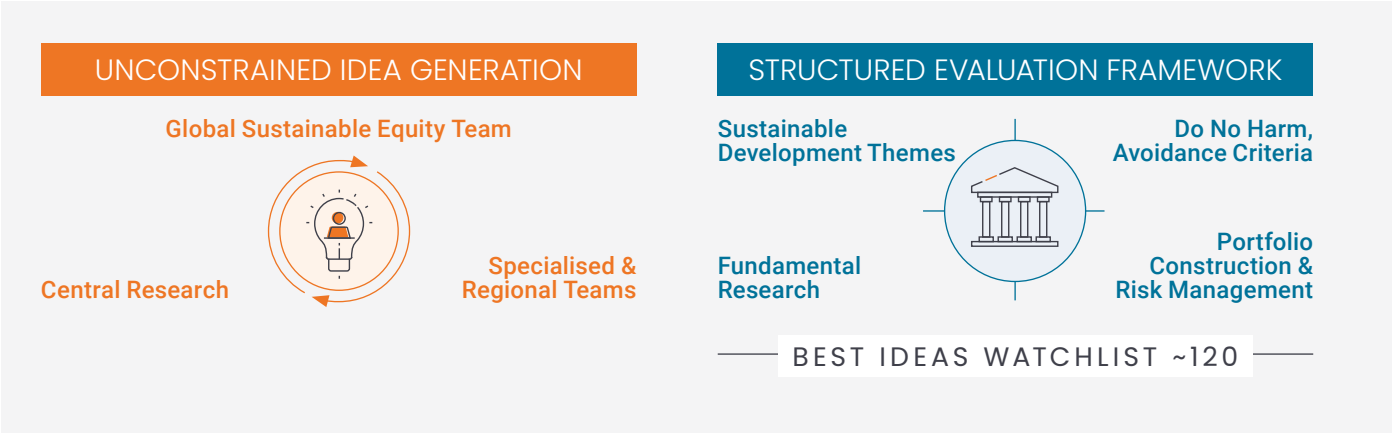
Idea generation

Our approach to idea generation is based on a bottom-up search for high quality investment ideas. Every investment in the portfolio starts as an individual company idea which can be generated via a number of different teams and is then subject to our structured evaluation framework.

Our four pillars for a sustainability-driven investment strategy

There are four pillars to the sustainable investment process, which incorporates both positive and negative selection criteria and includes product and operational impact analysis. It is through this rigorous stock selection process that the investment managers add value for their clients.

1. **Positive impact:** Ten sustainable development themes guide idea generation and identify long-term investment opportunities.
2. **Do no harm:** Strict avoidance criteria are adopted. We will not invest in activities that contribute to environmental and social harm. This also helps us avoid investing in industries most likely to be disrupted.
3. **'Triple bottom line' framework:** Fundamental research evaluates how companies focus on profits, people and the planet.
4. **Active management and engagement:** Collaborative, collective and continuous engagement are key aspects of the process to construct a differentiated portfolio with a typically high active share (>90%).



Invest with positive impact

Our ten sustainable development investment themes

Derived from the four megatrends are 10 environmental and social themes which help us identify companies with positive impact and long-term compounding growth characteristics.

Environmental

- CLEAN ENERGY
- EFFICIENCY
- ENVIRONMENTAL SERVICES
- SUSTAINABLE TRANSPORT
- WATER MANAGEMENT

Social

- KNOWLEDGE & TECHNOLOGY
- HEALTH
- SAFETY
- SUSTAINABLE PROPERTY & FINANCE
- QUALITY OF LIFE

Our low-carbon approach to investing

Explicitly low-carbon global equity strategy: five levels of low-carbon investing

1. **Avoiding** companies involved in fossil fuel extraction
2. **Avoiding** suppliers and service companies to the fossil fuel industry
3. **Avoiding** technology that relies on fossil fuels and power generated by fossil fuels
4. **Avoiding** carbon-intensive industries
5. **Actively** seeking companies that are providing solutions to drive the transition to a low-carbon economy: renewables and batteries, efficiency and electrification, semiconductors, buildings and design

Do no harm, avoidance criteria

Companies on the wrong side of environmental and social trends are subject to both disruption and operational risk. We believe avoiding these companies protects our clients from contributing to environmental and social harm while helping better preserve long-term capital.

- Alcohol
- Animal testing*
- Armaments
- Chemicals of concern
- Fossil fuel extraction & refining
- Fossil fuel power generation
- Fur
- Gambling
- Genetic engineering
- Meat & dairy production
- Intensive farming
- Nuclear power
- Pornography
- Tobacco

*Non-medical

We also seek to avoid companies operating in contentious industries which have a high degree of negative environmental or social impact, unless the company is taking action to mitigate negative impacts. Examples of contentious industries include cement, fishing, mining, palm oil and timber.

For a full list of avoidance criteria, please refer to the Global Sustainable Equity Strategy's Investment Principles.

Portfolio management and resources

Highly experienced, interdisciplinary team supported by a large global network

Global Sustainable Equity Investment Team

Hamish Chamberlayne, CFA
Head of Global Sustainable Equities, Portfolio Manager

- Portfolio Manager since 2012
- 17 years at the firm and 21 years of financial industry experience
- London based

Aaron Scully, CFA
Portfolio Manager

- Portfolio Manager since 2017
- 23 years at the firm and 26 years of financial industry experience
- Denver based

Jigar Pipalia
Portfolio Analyst

- 3 years at the firm and 5 years of industry experience
- London based

Suney Hindocha, CFA
Research Analyst

- 1 year at the firm and 15 years of industry experience
- London based

Global research network

eQuantum
Proprietary research tool

Regional investment teams

- Global Equity
- Europe Equities
- UK Equities
- Japanese Equity
- Asia Equity
- Emerging Market Equity

Centralised research

- 36 sector specialists with an average of 17 years of financial industry experience

Specialised research

- Technology
- Property
- Global Natural Resources
- Fixed Income

Risk management network

- **Responsibility Team**
- **ESG Oversight Committee**
- **Front Office Governance & Risk Committee**
- **Investment Performance & Risk Committee**

Independent risk monitoring

The investment risk function at Janus Henderson works closely with senior management and portfolio managers as part of the overall risk management and oversight process and is divided into a first and second line partnership.

The first line, **Investment Risk Team** (reporting to the Chief Investment Officer), has both an oversight and a consultancy role. The oversight role means the team is responsible for ensuring that the portfolios are managed in line with mandates and client expectations. In the consultancy role, the team acts as a centre of expertise for the business – including portfolio managers – when the team's skill set can help improve the outcome for clients. This structure is intended to create a closer alignment between the investors embedded within the investment team and risk officers.

The second line, **Financial Risk Team**, is an independent oversight team, which sits within the Enterprise Risk function (reporting to the Chief Risk Officer). The Financial Risk Team comprises of specialists in investment risk, derivatives and credit risk who perform independent monitoring of market and credit risks with the aim to ensure portfolios are managed in accordance with what clients would expect, as well as the relevant regulatory requirements relating to market and credit risks.

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 dashboard are used for day-to-day monitoring of the portfolio's exposures and risks and regular oversight meetings are held with the portfolio 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 issue and provide senior management an independent view of the portfolio.

FOR MORE INFORMATION, PLEASE VISIT **JANUSHENDERSON.COM**

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INVESTORS

Important Information

All data sourced from Janus Henderson Investors (as at 31 March 2024), unless otherwise stated.

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