

Janus Henderson

INVESTORS



Janus Henderson
— INVESTORS —

SUSTAINABILITY AS AN INVESTMENT STRATEGY

Seeking companies on the right side of disruption

Hamish Chamberlayne
Head of SRI

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

ENVIRONMENTAL & SOCIAL MEGATRENDS

Pressuring the sustainability of the global economy



Population
growth



Ageing
Population



Resource
constraints



Climate
change

RESOURCE CONSTRAINTS

We are depleting our natural capital... we are overshooting our capacity

Biodiversity



Water



Minerals



Land



Air



CLIMATE CHANGE

Transition related financial risks

THE 5 LEVELS TO LOW CARBON INVESTING

An active approach to the energy transition



Avoiding

companies involved
in fossil fuel
extraction



Avoiding

suppliers and service
companies to the fossil
fuel industry



Avoiding

technology that relies
on fossil fuels



Avoiding

carbon intensive
industries



Actively

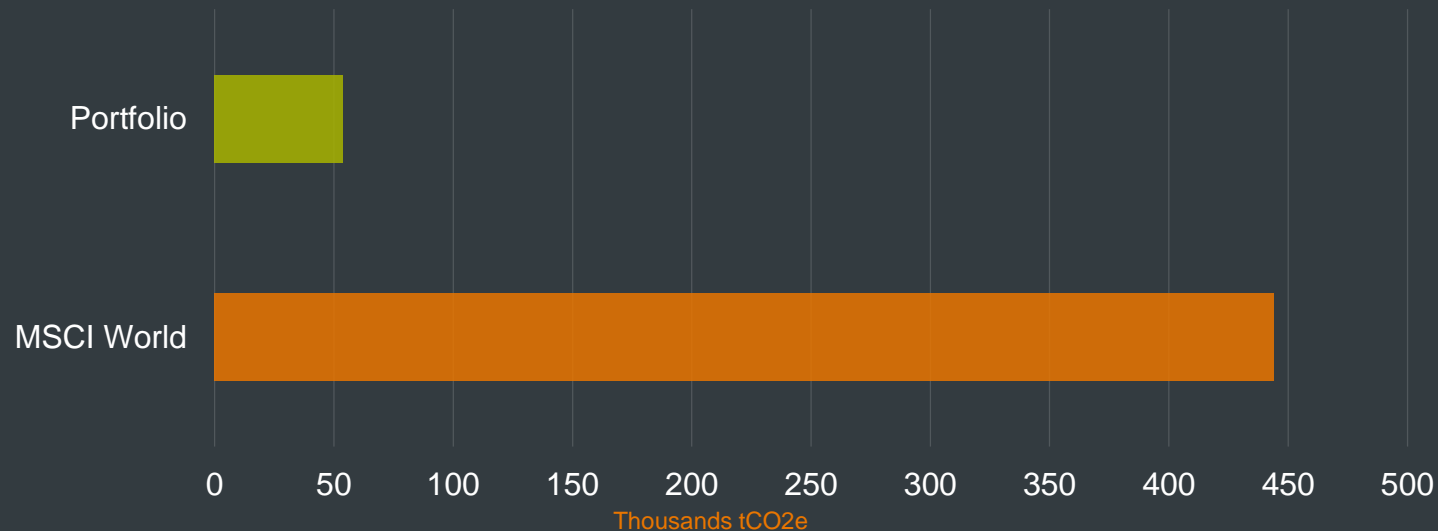
seeking companies
providing solutions
to the low carbon
economy

We are proud to have a 27 year track record of being low carbon

A LOW CARBON GLOBAL EQUITY STRATEGY

Portfolio carbon footprint 85% less than MSCI World and no investments in fossil fuel companies

Portfolio carbon footprint
Scope 1, 2 & 3 apportioned tCO₂e¹



Source: Janus Henderson Investors, as at 31 December 2019

¹ISS Climate Impact data including Scope 1 (direct), Scope 2 (purchased electricity), Scope 3 (other indirect not included in Scope 2)

Note: Provided for informational purposes only and is not a recommendation to buy or sell

Carbon Neutral certification for Janus Henderson Investors

THE AGE OF DISRUPTION

Two generational investment trends



Low carbon energy transition

The digitalisation of energy

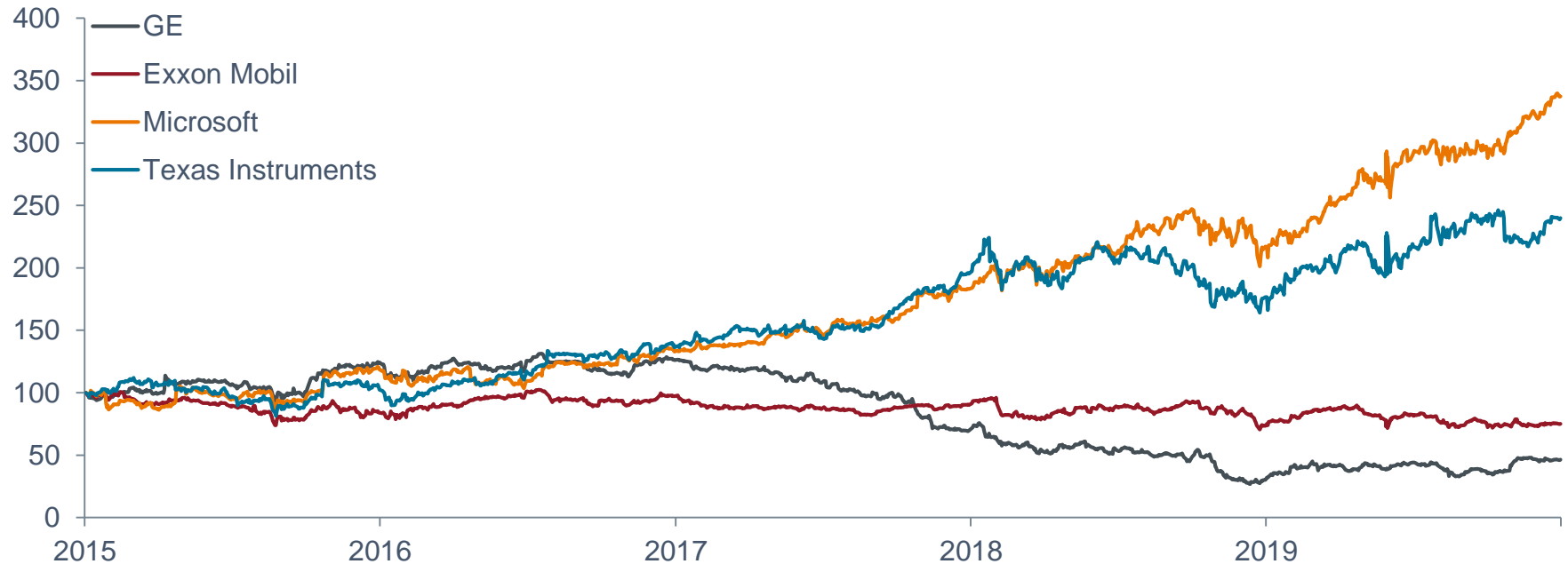


The fourth industrial revolution

The digitalisation of everything

TOMORROWS' COMPANIES?

The low carbon transition and the fourth industrial revolution are still in their early stages

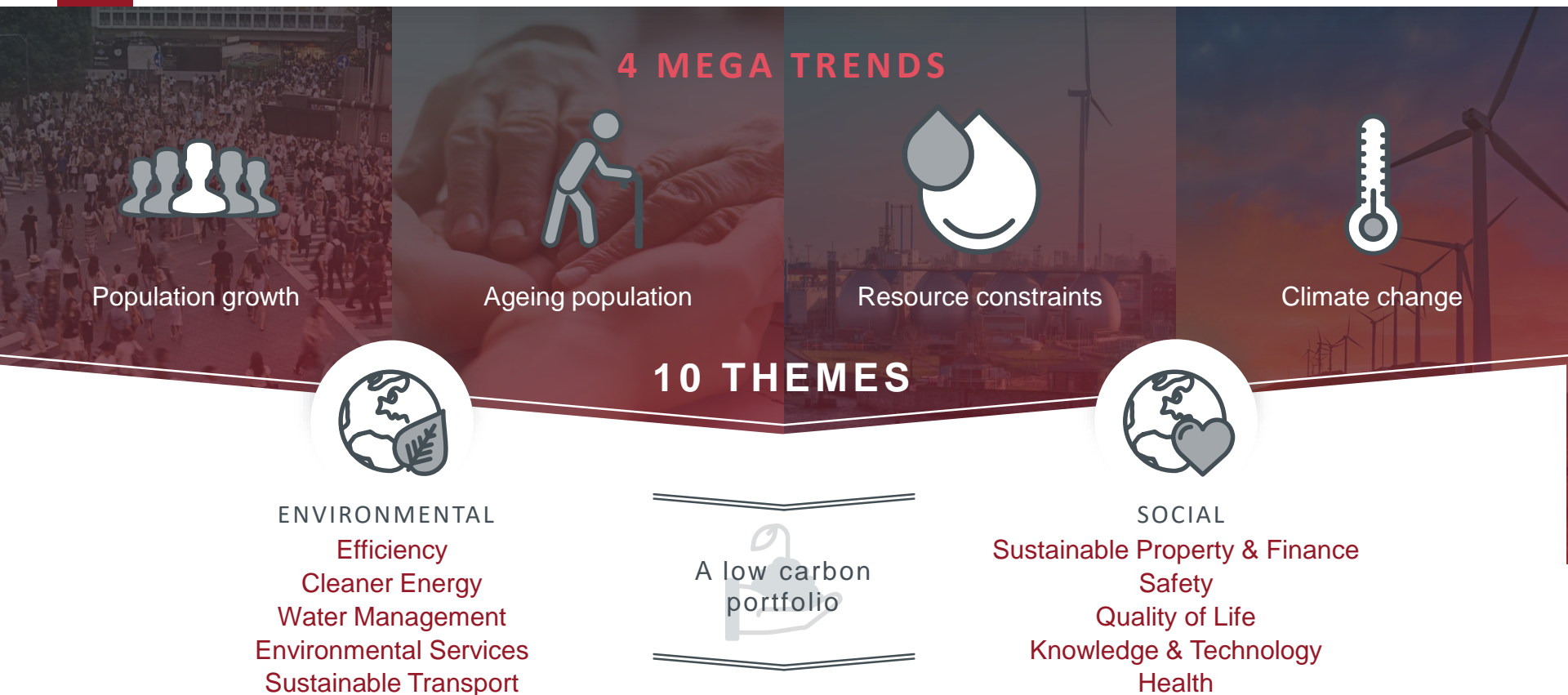


Source: Bloomberg, as at 31 December 2019, rebased to 100 at 01 January 2015

Note: Reference to individual companies or any securities is purely for the purpose of information only and should not be construed as a recommendation to buy or sell the same

JANUS HENDERSON GLOBAL SUSTAINABLE EQUITY

Strong investment framework designed to generate long term performance



SUSTAINABILITY IS GOOD BUSINESS SENSE

Alignment of sustainability and key investment trends



Smart Cities



Energy Efficiency



Education &
Research



Industry 4.0



'Water as the
new Oil'



Healthcare



Digital Energy



Wellness



Sustainable
Infrastructure



Recycling



Electrification
of Transport



Cloud computing &
Artificial Intelligence



Financial Services



Risk & Security



SUSTAINABILITY MAKES GOOD INVESTMENT SENSE

A rich and diverse universe of companies that have a positive impact on the development of a sustainable global economy



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SUSTAINABILITY MAKES GOOD INVESTMENT SENSE

A rich and diverse universe of companies that have a positive impact on the development of a sustainable global economy

Environmental Themes



Cleaner Energy

Boralex develops and operates renewable power facilities in Canada, France and the US.

BORALEX



Efficiency

Kingspan, headquartered in Ireland, is the global leader in high performance insulation, building fabric solar-integrated building envelopes.

Kingspan



Environmental Services

DS Smith is a leading manufacturer and recycler of corrugated packaging products in Europe.

DS Smith



Sustainable Transport

Aptiv is a global technology company that develops safer, greener and more connected solutions, which enable the future of mobility

• **A P T I V** •



Water Management

Xylem is a global water infrastructure and technology company headquartered in North America.

xylem

Social Themes



Knowledge and Technology

Autodesk is the global leader in design software used by architects and engineers worldwide, and is a provider of software to product designers

AUTODESK



Health

Humana is a health insurance company with a primary focus on providing Medicare Advantage plans to senior citizens in the US.

Humana



Safety

Nanosonics is a healthcare technology company specialising in infection control

nanosonics
Infection Prevention. For Life.



Sustainable Property and Finance

Marsh & McLennan is a global provider of risk management, risk consulting, and insurance programme management services.

MARSH & MCLENNAN COMPANIES



Quality of Life

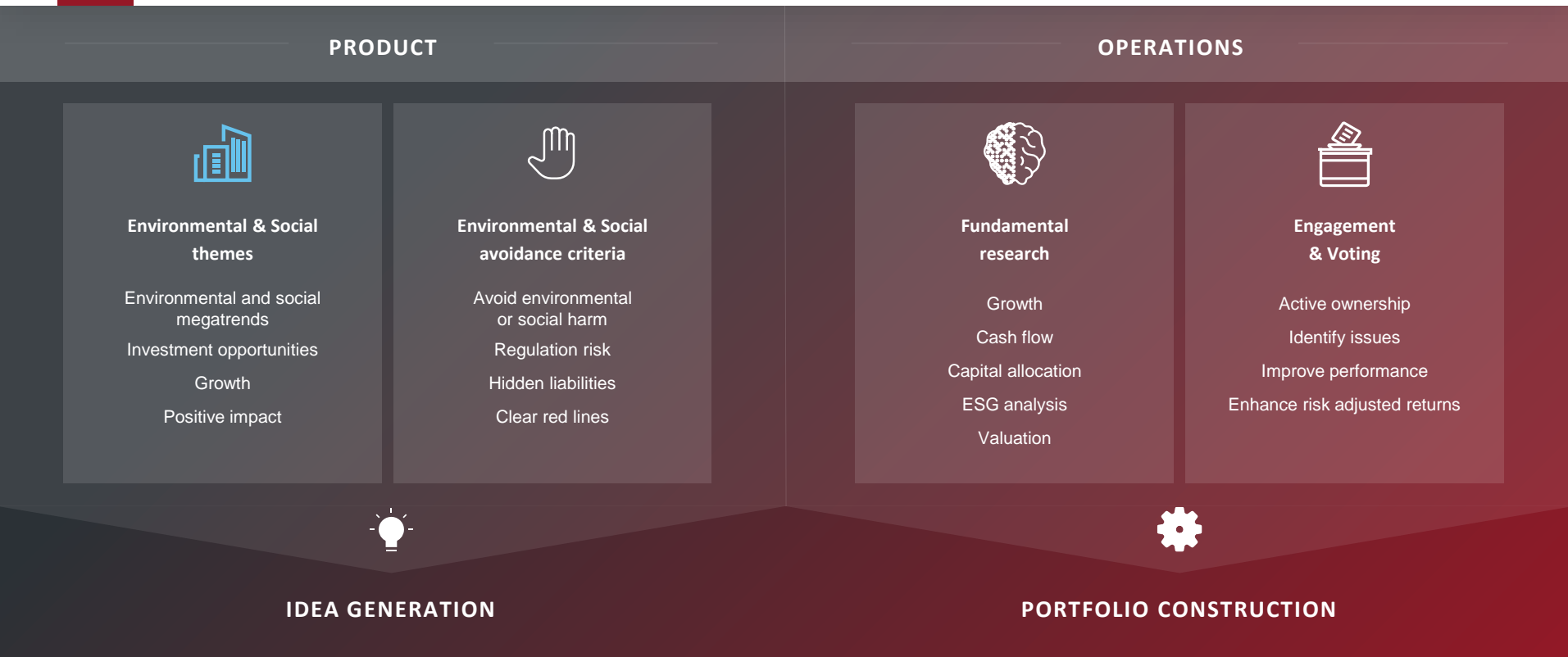
Adidas is one of the world's largest suppliers of shoes and clothing, manufacturing products to support and encourage active lifestyles.

adidas

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JANUS HENDERSON GLOBAL SUSTAINABLE EQUITY INVESTMENT FRAMEWORK

The 4 pillars of a sustainability driven investment strategy



Positive and negative criteria considering both product and operations
Environmental and social considerations incorporated into all aspects of investment framework

FUND PROFILE

A differentiated and well diversified global equity portfolio with a balanced risk profile



GENERAL CHARACTERISTICS

INCEPTION DATE

29/05/2019

BENCHMARK

MSCI World

FUND ASSETS

£853 Million



INVESTMENT GUIDELINES AND RISK PARAMETERS

HOLDINGS RANGE

50-70

BETA

Approx ~1.0

EXPECTED TURNOVER

<30%

CASH LEVELS

1-3%

SECTOR LIMIT

Unconstrained

POSITION LIMIT

<3% active (generally 1.0-2.5%)

REGIONAL ALLOCATION

Benchmark aligned +/-3%

ACTIVE SHARE

>90%

OUR INVESTMENT INPUTS

Large number of resources at hand

Vigeo Eiris
ESG rating and research agency
146 analysts
Average of 7 years of
financial industry experience

Global Research Platform

34 global sector specialists
Average of 16 years of financial
industry experience

Oversees the development, management
and implementation of the avoidance criteria



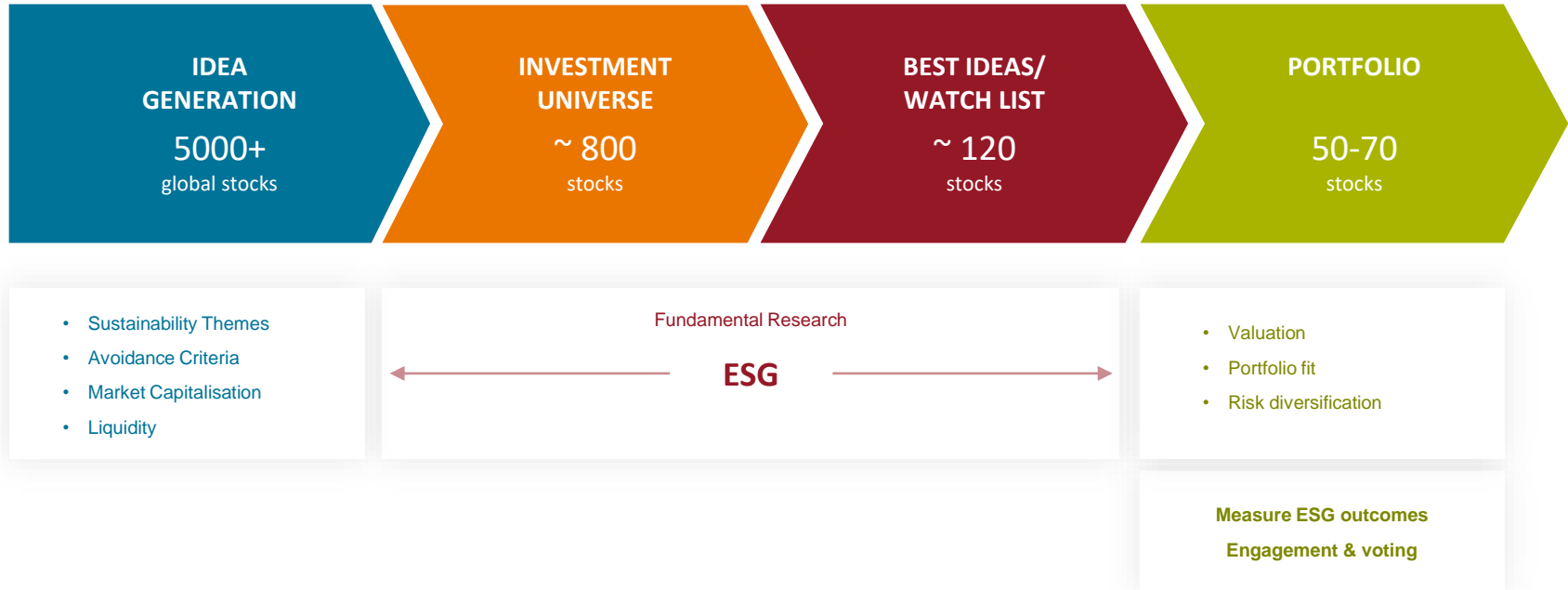
MSCI ESG, RepRisk
Sell side research

**Governance & Responsible
Investment (GRI)**
Provides analysis of material ESG issues
and company engagement

**Portfolio Risk & Analytics and
Investment Risk teams**
Provide investment risk management
and oversight

INVESTMENT PROCESS

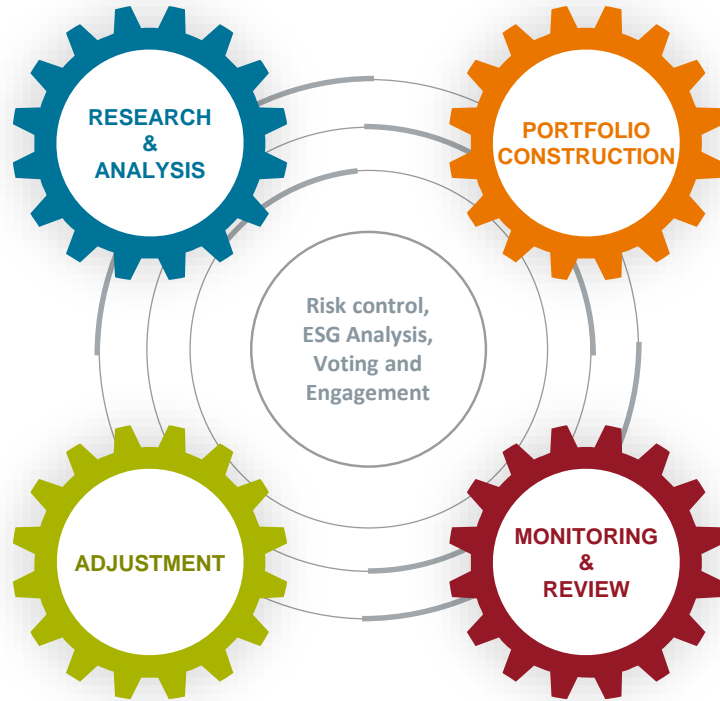
Disciplined and repeatable investment framework designed to select the best sustainability ideas globally, and construct a well diversified portfolio



ESG considerations integral to investment analysis and portfolio management

PORTFOLIO CONSTRUCTION AND RISK CONTROL

Continuous improvement approach to portfolio management drawing on multiple inputs



Risk control:

- Investment Risk Team
- ESG risk report
- VigeoEiris
- Pre trade compliance
- Ethical Oversight Committee

Position sizing is a result of:

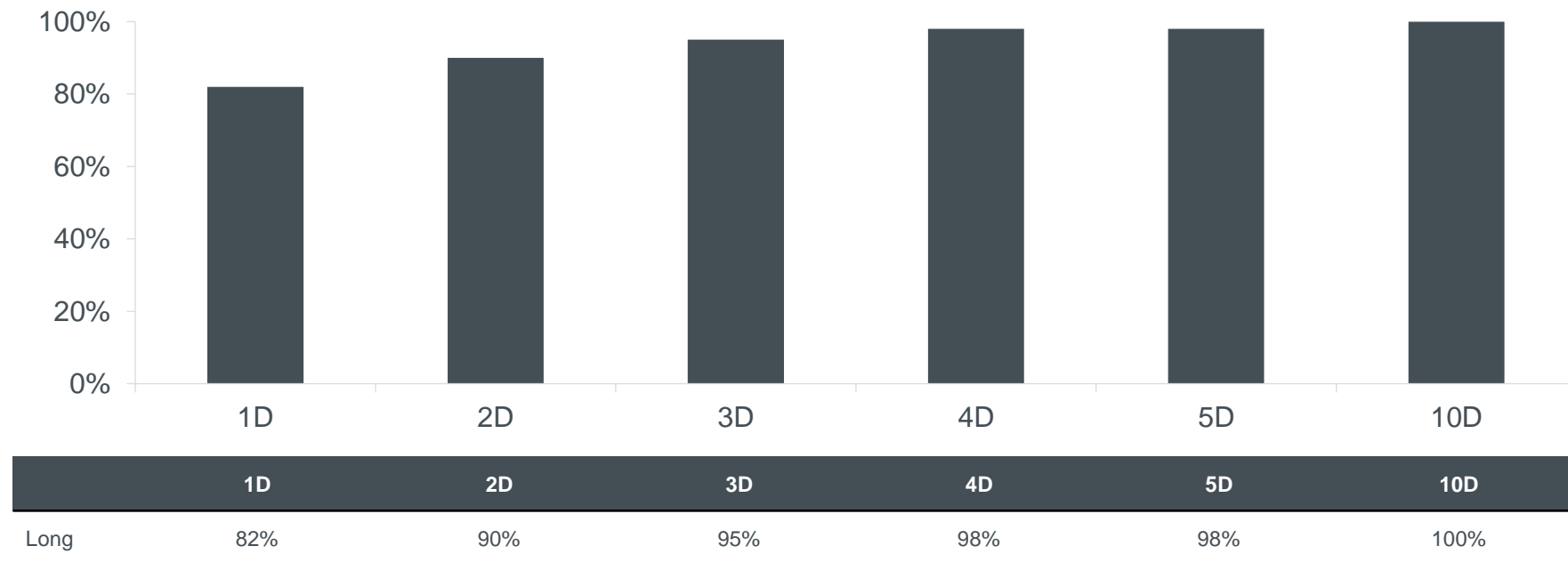
- Revenue growth
- Valuation
- ESG risk & opportunity
- Portfolio diversification
- Liquidity

Sales conducted when:

- Change to investment thesis
- Deterioration of ESG metrics
- Unfavourable risk/reward
- Reallocate capital to higher conviction ideas

LIQUIDITY ANALYSIS

Strong liquidity profile despite mid cap bias



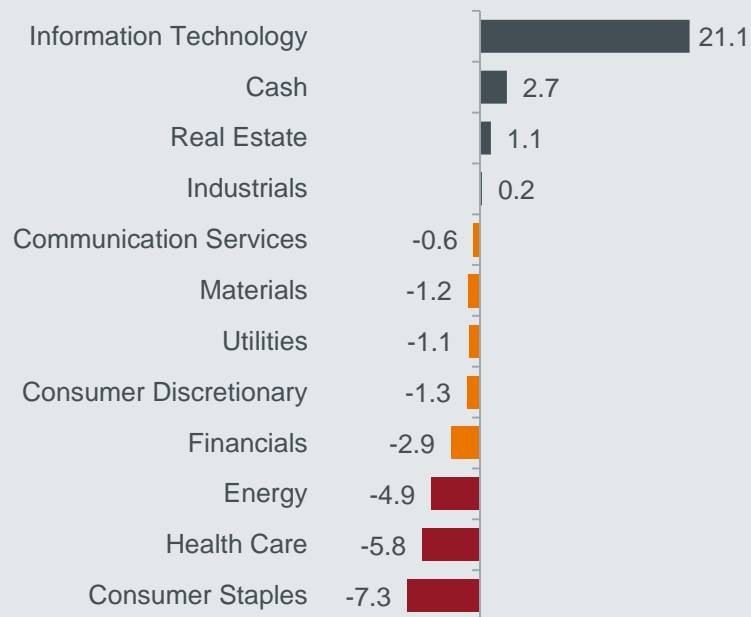
Source: Janus Henderson Investors, as at 31 December 2019

Note: Figures are based on Bloomberg 3 month ADV assuming 20% daily volume available

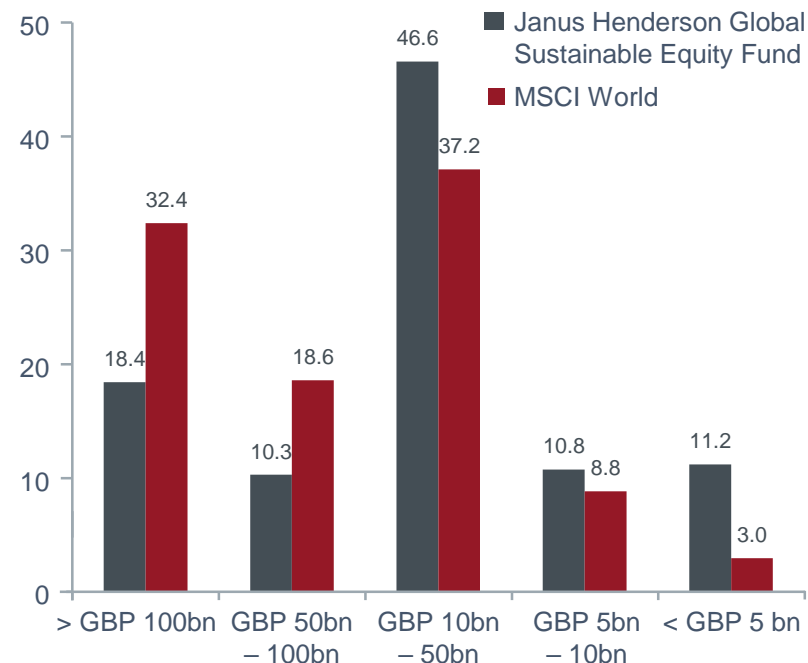
PORTFOLIO CHARACTERISTICS

A highly differentiated portfolio with active share >90%

SECTOR WEIGHTS RELATIVE TO MSCI WORLD (%)



MARKET CAPITALISATION RELATIVE TO MSCI WORLD (%)



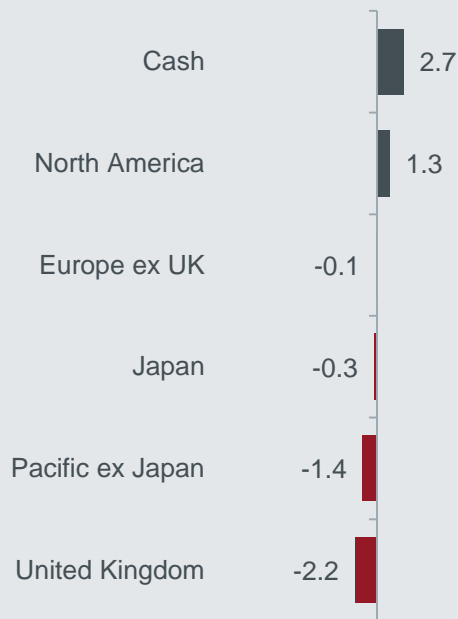
Source: Janus Henderson Investors, as at 31 December 2019

Note: Totals may not add up due to rounding or cash levels. Sector weights based on GICS. Benchmark is the MSCI World.

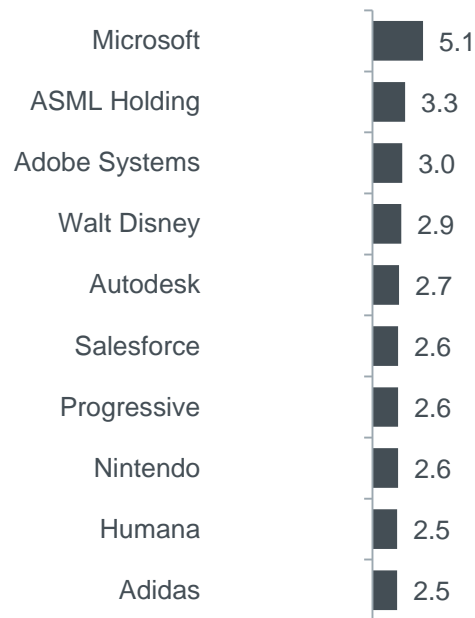
PORTFOLIO CHARACTERISTICS

A global portfolio of 50 – 70 holdings with top 10 positions representing ~30% allocation

REGIONAL WEIGHTS RELATIVE TO MSCI WORLD (%)



TOP 10 HOLDINGS WEIGHT (%)



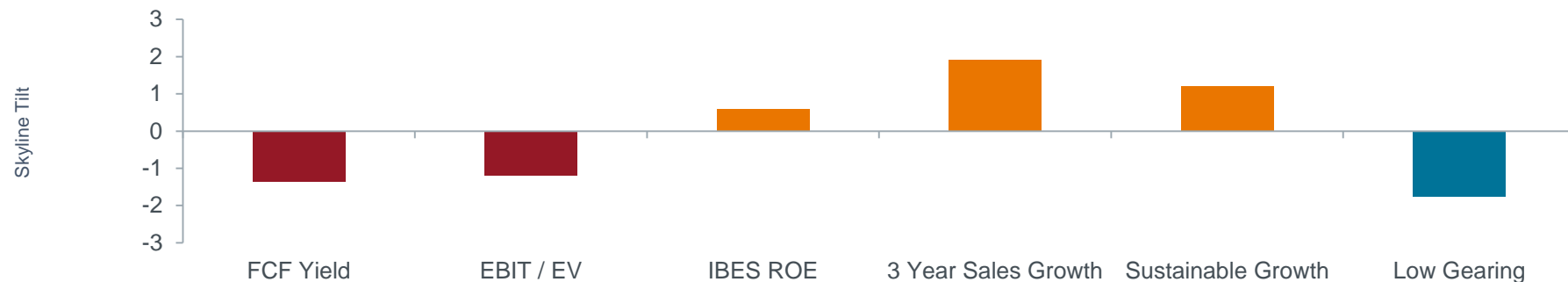
Source: Janus Henderson Investors, as at 31 December 2019

Note References made to individual securities should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase the security

ATTRACTIVE FINANCIAL CHARACTERISTICS

Focusing on profitable growth companies; aiming for superior long term risk adjusted returns

PORTFOLIO STYLE SKYLINE



Weighted Averages (%)	FCF Yield	EBIT to EV	IBES ROE	3 Year Sales Growth	Sustainable Growth	Gearing
Portfolio	3.5	4.9	26	12.5	15.8	80.2
Benchmark	5.3	6.1	25	8.5	13.8	111.1

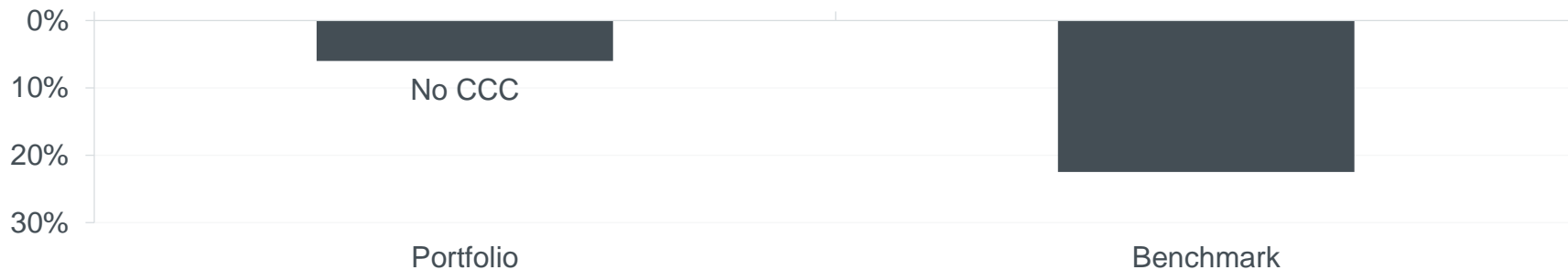
Source: Style Research, as at 31 December 2019

Note: Portfolio is the Janus Henderson Global Sustainable Equity Fund, benchmark is the MSCI World, both in GBP. For illustrative purposes, we have provided the Janus Henderson Global Sustainable Equity Fund data as of 30 September 2019. The Janus Henderson Horizon Global Sustainable Equity Fund is managed on a substantially similar basis, and will provide a fair representation of portfolio information until the new fund data is available. The fund does not utilise derivatives. Past performance is not a guide to future performance

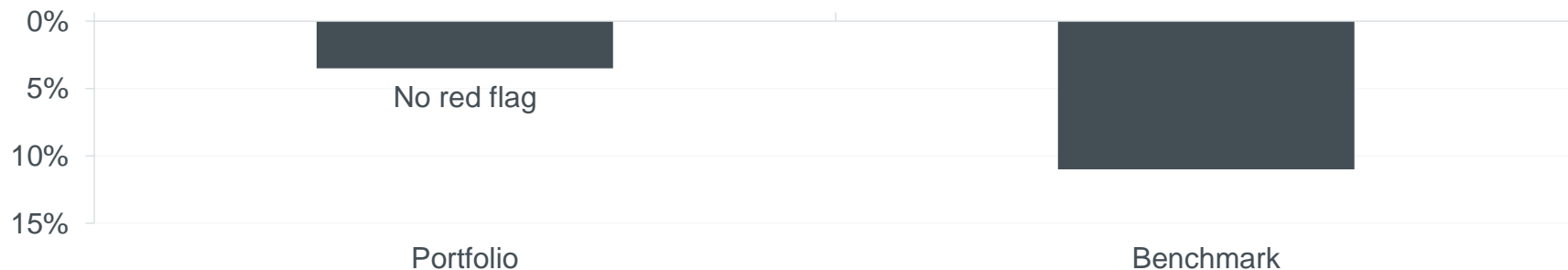
PORTFOLIO ATTRIBUTES: ESG

Favouring companies with strong management of ESG risks

Environmental & Social Risk: Exposure to companies rated highest risk (CCC & B) vs Benchmark (%)



Controversy Risk: Exposure to companies with major controversies (RED & ORANGE FLAG) vs Benchmark



Source: MSCI Impact Monitor, as at 31 December 2019

Note: Portfolio is the Janus Henderson Global Sustainable Equity Fund, benchmark is the MSCI World.

ENGAGEMENT 2018

Our engagement covers a wide range of environmental, social and governance issues around the world

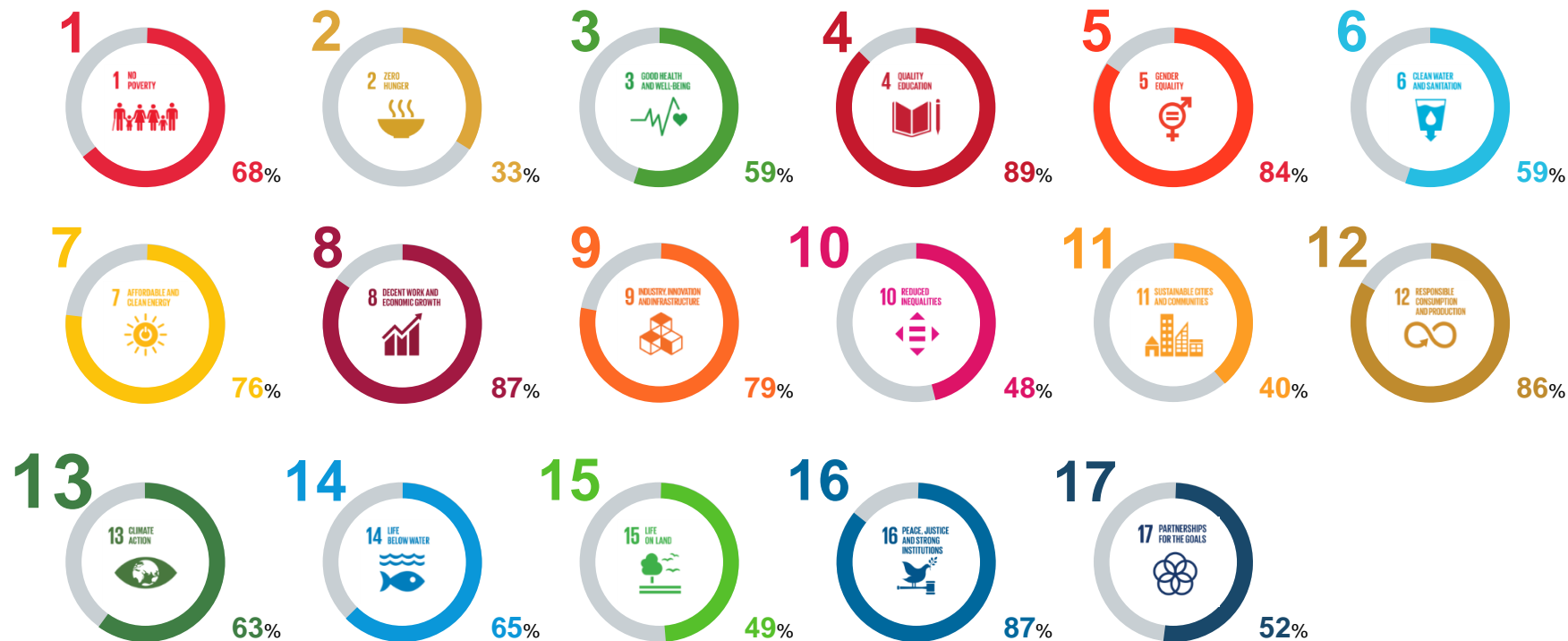
67 meetings completed in 2018



Source: Janus Henderson Investors, as at 31 December 2018

OUR PORTFOLIO CONTRIBUTES TO ALL OF THE UN SDGS

Percentage contribution to each UN SDG



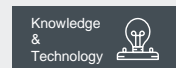
Positive and negative criteria, ESG analysis and engagement all contribute to SDG alignment

Source: Janus Henderson Investors

STOCK EXAMPLE: MICROSOFT

Considering both **PRODUCT** and **OPERATIONS** contribution towards SDGs

**Positive
impact
themes met:**



SDGs addressed:
1,3,4,5,6,7,8,9,10,12,
13,14,15,16, and 17



Fundamental research:

Contribution from products

Specific programs for smart cities & sustainable infrastructure, financial services & economic development, healthcare services, education, cyber security, data privacy



Carbon neutral computing



Educational games such as Minecraft



Design of devices

- Energy efficient (exceeds Energy star)
- Recyclable
- Responsible sourcing of materials



Packaging

- Banned the use of packaging from old growth forests
- Sustainably sourced packaging from either recycled products or sustainably managed forests



Contribution from operations

Employee relations

- Training
- Succession planning
- Diversity and inclusion programs
- Retention of talent
- Health management



Supply chain relations

- High standards for worker's welfare
- Auditing



Resource efficiency

- Reduction of energy, water, raw materials, chemicals and waste
- Reduction in emissions



Charity and NGO collaboration



Anti-bribery and corruption



Engagement

Supply chain

- Resource management
- Traceability
 - Working with NGOs



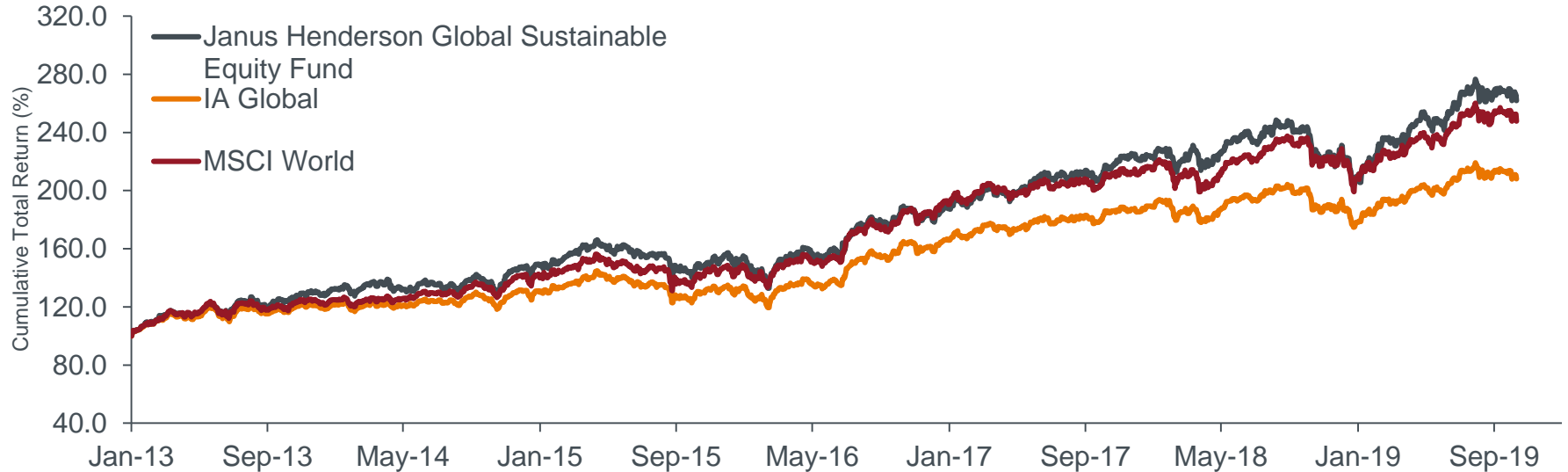
Employee relations

- Succession planning
- Diversity and inclusion programs
- Retention of talent



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SUSTAINABILITY IS A WINNING INVESTMENT STRATEGY



Sources: Morningstar, as at 31 December 2019

Note: Past performance is not a reliable indicator of future results.

Performance is rebased to 100 on 01 January 2013 – Fund manager change

Peer group benchmark: IA Global Sector - Peer group benchmark usage: comparator. Index: MSCI World – Index usage: Comparator For a full description of the peer group benchmark and index usage please refer to slide 31. Past performance is not a guide to future performance

ADDITIONAL INFORMATION

Discrete performance and descriptors

Janus Henderson Global Sustainable Equity Fund

	Dec 2018 – Dec 2019	Dec 2017 – Dec 2018	Dec 2016 – Dec 2017	Dec 2015 – Dec 2016	Dec 2014 – Dec 2015
Fund (%) Gross	33.6	-5.6	19.6	22.7	4.7
Fund (%) Net	32.6	-6.3	18.7	21.8	3.9
Index (%)	23.4	-2.5	12.4	29.0	5.5
Peer group benchmark (%)	22.0	-5.7	13.9	23.9	2.8

Index

MSCI World Index

Index usage: Comparator

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 benchmark

IA Global Equity

Peer group benchmark usage: Comparator

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.

Source: Janus Henderson Investors, as at 31 December 2019

Notes: Returns shown in base currency, GBP. Past performance is not a guide to future results.

APPENDIX

INVESTMENT TEAM

Integrated team of investors and ESG analysts

Global Equity SRI Team



Hamish Chamberlayne
Head of SRI



Aaron Scully
Portfolio Manager



Ama Seery
Analyst, ESG

Governance and Responsible Investment



Antony Marsden
Head of GRI



Olivia Gull
Analyst, GRI



David Ray
Analyst, GRI

AVOIDANCE CRITERIA

Not investing in businesses involved in activities contrary to the development of a sustainable economy and therefore at risk of disruption or regulation

People

Alcohol

Armaments

Gambling

Pornography

Tobacco

Environment

Fossil fuel extraction & refining

Fossil fuel power generation

Chemicals of concern

Contentious industries

Nuclear power

Animals

*Animal testing

Fur

Genetic engineering

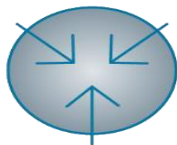
Intensive farming

Meat & dairy production

Note: *We avoid companies that use animal testing for non-medical purposes. We allow animal testing for medical purposes only where the company employs best practices in accordance with the 3Rs policy of refinement, reduction and replacement.

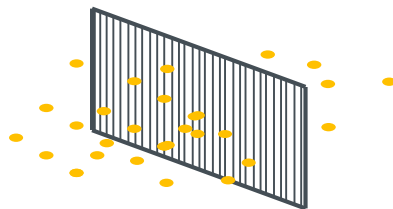
All holdings compliant with UN Global Compact

DIFFERENT APPROACHES TO ESG



Integration (ESG)

The systematic and explicit inclusion of material factors into investment decision. Undesirable activities may not preclude investments.



Screening

Selecting investments by specific criteria. Negative screening underweights or excludes specific investments. Positive screening overweights or includes specific investments.



Active Ownership

Positively influencing corporate behaviour in ESG-related issues, including direct contact with companies and proxy voting.



Positive Selection

Targeting investments in businesses on the right side of disruption and avoiding those which will be negatively impacted by the move to a low carbon economy.

Global Sustainable Investment Categories

ESG Integration

Negative/Exclusionary screening

Positive/Best-in-Class Screening

Norms-based Screening

Corporate Engagement and Shareholder Action

Sustainability-themed Investing

A HUGE NUMBER OF FACTORS TO CONSIDER – 17 GOALS AND 169 TARGETS

“The SDGs call on companies everywhere to advance sustainable development through the investments they make, the solutions they develop, and the business practices they adopt.”



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