

A CRISIS ACCELERATES THE INEVITABLE

January 2021

Richard Clode

Portfolio Manager – Global Technology Leaders



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GLOBAL TECHNOLOGY LEADERS FUND

Cumulative Performance (%) – GBP	YTD	1 Year	3 Year	5 Year	10 Year
Fund	32.5	35.0	80.3	203.9	448.3
Peer Group Average	38.3	39.9	84.1	183.5	390.5
Index	29.9	32.2	75.8	206.5	485.4
Percentile	78	78	69	50	45

Key Data

Launch Date	9 Oct 1984
Benchmark	MSCI ACWI IT + Communication Services Index*
Structure	OEIC
Sector	IA Technology and Telecoms

Fund Managers

Richard Clode	17 years of experience
Graeme Clark	21 years of experience
Alison Porter	25 years of experience

Morningstar Star Rating

(as at 30 September 2020)



Fund Assets Under Management

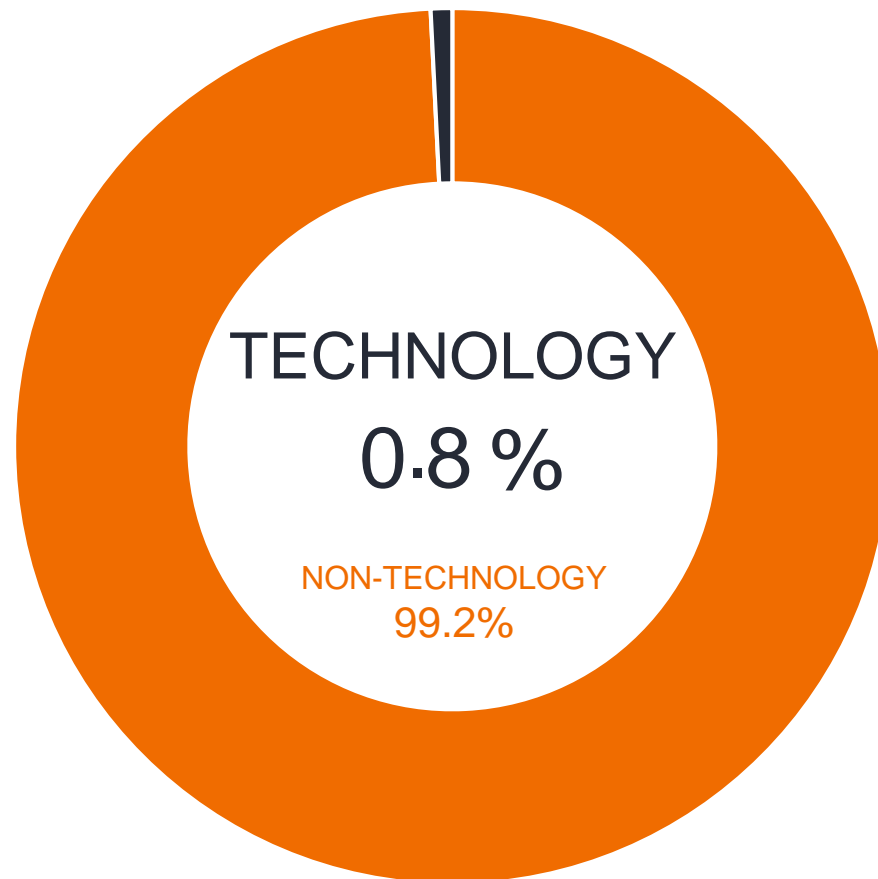
£1.22B

as at 30 September 2020

Source: Janus Henderson Investors, Morningstar: AuM, Morningstar fund rating and years of experience as at 30 September 2020. Performance as at 30 November 2020.
 Janus Henderson Global Technology Fund, Bid-to-bid, net of fees, I Acc GBP share class. IA Technology and Telecommunications Equity – Peer group benchmark usage: Comparator. Percentiles based on IA Technology & Telecommunications Equity. *MSCI All Countries World Information Technology Index + MSCI All Countries World Communication Services Index (the abbreviated form is used throughout the rest of this presentation) – Index usage: Target & Comparator. As at 1 December 2018, the benchmark of the fund changed from MSCI All Countries World Information Technology Index to MSCI All Countries World Information Technology Index + MSCI All Countries World Communication Services Index. For a full performance disclosure please refer to slide 22.
Past performance is not a guide to future performance.

WHY IS THE UK MARKET SUCH AN UNDERPERFORMER (AGAIN)?

Technology exposure defines performance not geography



FTSE 100 INDEX

Source: Bloomberg, as at 30 November 2020

Note: Based on Industry (ICB) weightings

POWERFUL SECULAR THEMES > MULTIPLE DRIVERS

“We have seen two years’ worth of digital transformation in two months” – Satya Nadella, Microsoft CEO

5 MEGA THEMES



MULTIPLE DRIVERS



Process Automation



Internet Transformation



Artificial Intelligence



Next Gen Infrastructure



Payment Digitisation



New payment methods



Cloud Infrastructure



Platform Proliferation



Software as a Service



Transport Revolution



Machine Interface



5G



Flexible Displays



Entertainment on Demand

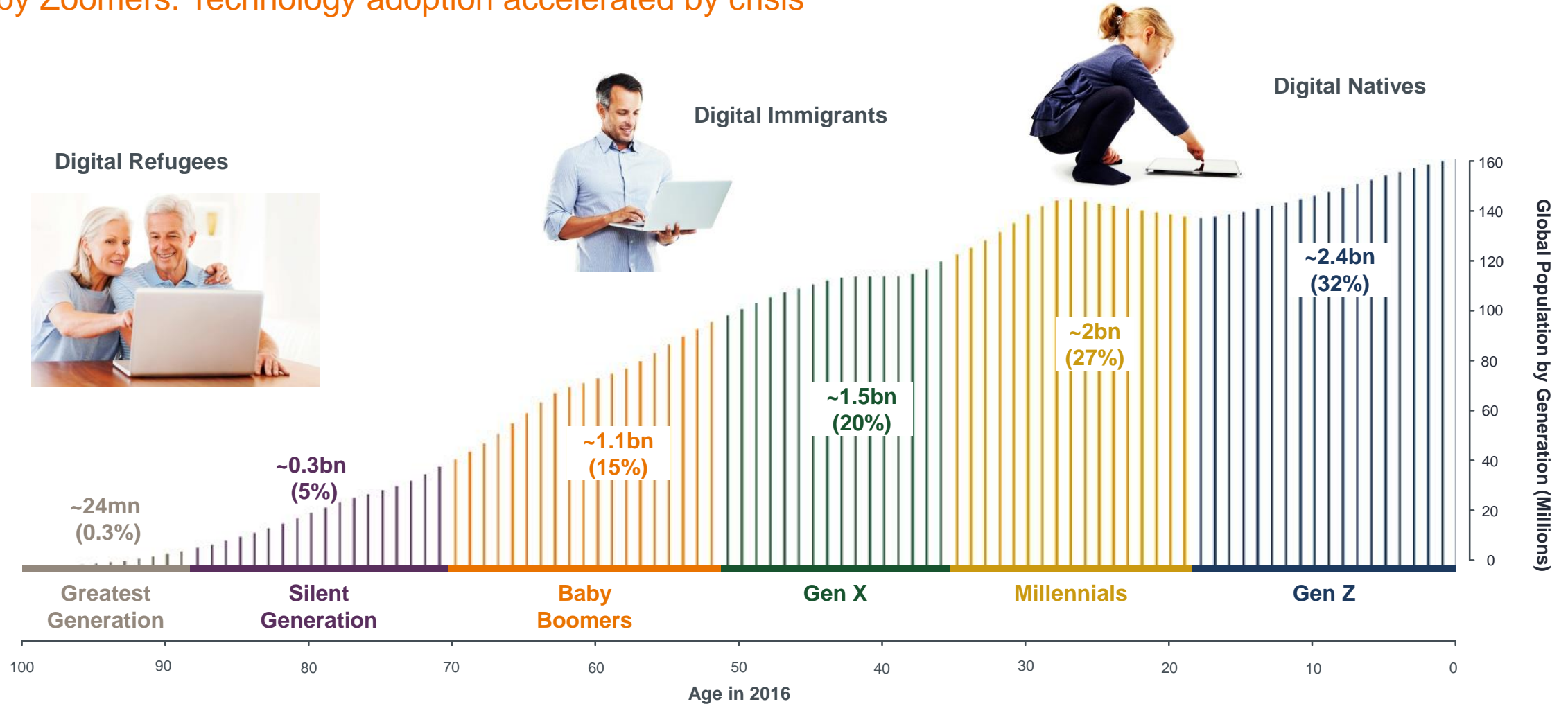


Extending Moore's Law

Source: Janus Henderson Investors, as at 30 November 2020

DEMOGRAPHICS – TECHNOLOGY ADOPTION MANDATE

Baby Zoomers: Technology adoption accelerated by crisis



Source: iStock; UN, Bank of American Merrill Lynch, 2016

INTERNET TRANSFORMATION: EVERYTHING ON DEMAND

“...a crisis often accelerates the inevitable” - Dan Rosensweig, CEO of Chegg



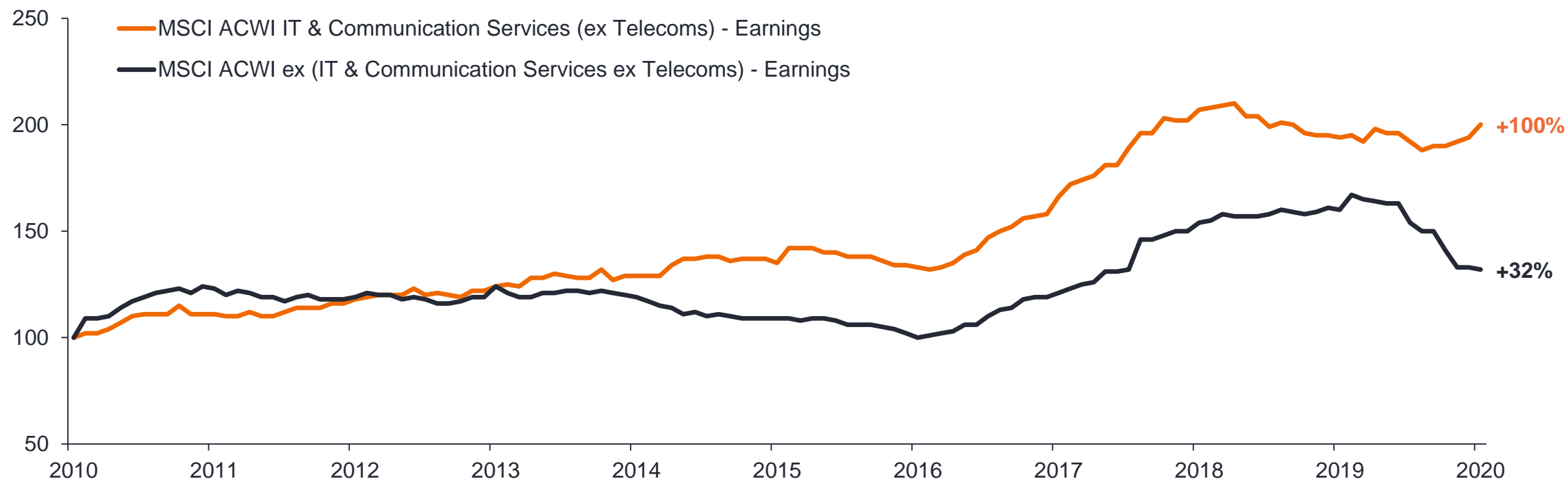
Source: From left to right; Activision Blizzard, as at November 2018, iStockphoto

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

TECHNOLOGY SHARE GAINS ACCELERATING

Tech is a key driver of market growth

Technology & Communication Services Sector Earnings vs Non-Technology & Communications Services Earnings



Source: Bernstein, as at 30 November 2020

Note: Based on trailing earnings. Rebased to 100 at 30 November 2010

Prior to December 2018, the custom index of MSCI ACWI IT & Communication Services includes companies that were originally in the Technology sector and companies that are currently in the Communication Services sector.

Past performance is not a guide to future performance.

SUPPORTED BY BEST BALANCE SHEET AND FREE CASH FLOW

Sector	Net Cash as of Percentage of Market Cap (%)	EV / FCF Yield
Information Technology	-1%	4%
Health Care	-10%	5%
Consumer Staples	-15%	5%
Communication Discretionary	-18%	4%
Communication Services	-19%	5%
Materials	-24%	5%
Industrials	-32%	5%
Energy	-33%	5%
Utilities	-81%	2%

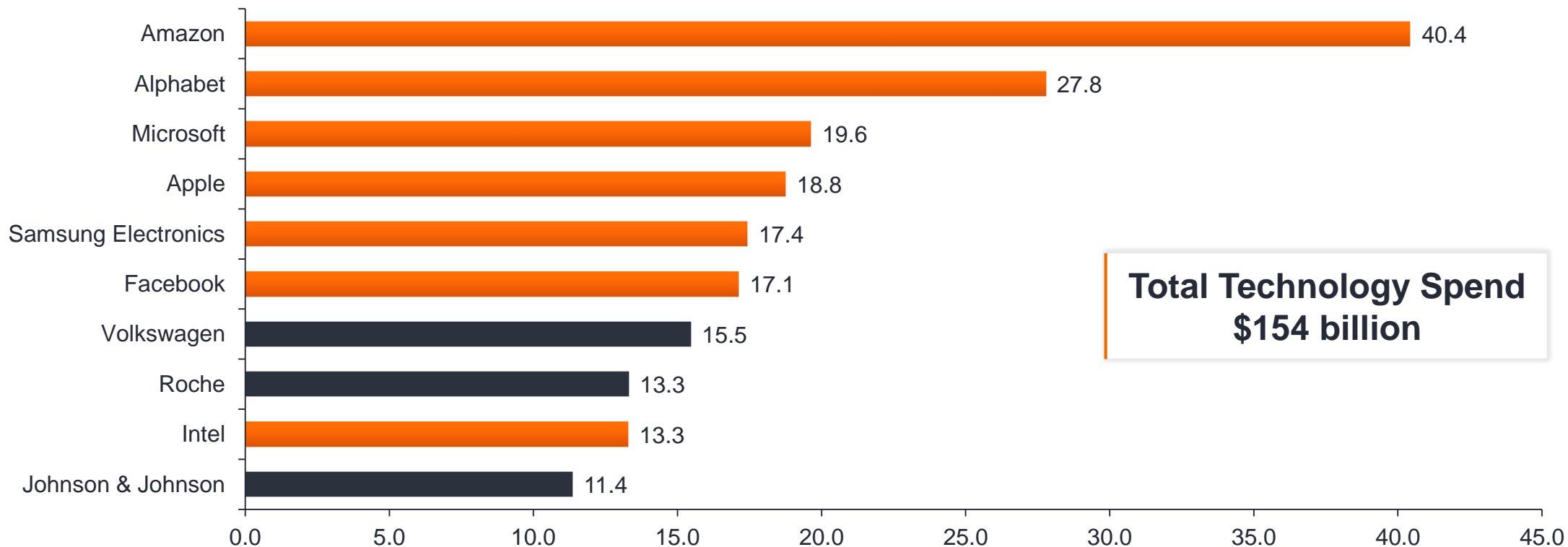
Source: Credit Suisse, as at 2 December 2020

Note: Data is for MSCI World Sector Indices excluding the Financials sector. Net cash shows the total cash on the balance sheet minus debt, cash shows purely the cash on the balance sheet. 'Net cash as % of market cap' is a measure of the net cash on a company's balance sheet as a percentage of its total market capitalisation. EV/FCF yield is the reciprocal of the Trailing Enterprise Value (EV)/ Trailing Free Cashflow (FCF).

Past performance is not a guide to future performance.

CONTINUING TO INNOVATE – LEADING IN R&D

Top 10 Global Spenders on R&D (USD – Billions)



Source: Bloomberg, as at 30 November 2020

Grey bars indicate non-technology securities using GICS sector classifications

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RELATIVE VALUATION

In line with long term average

Relative Technology to World Forward P/E



Source: Bernstein, as at 30 November 2020

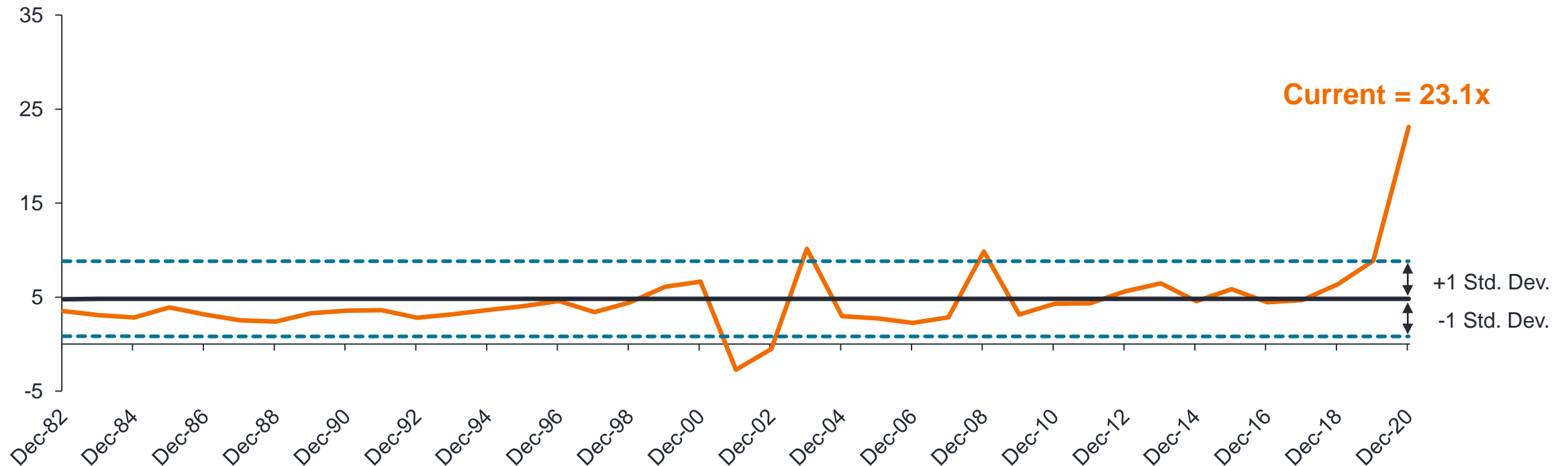
Note: Forward P/E = Price to forward earnings

(Orange line) MSCI ACWI Information Technology Sector, price-to-forward earnings relative to MSCI ACWI Index from November 2000 to November 2018 pre GICS sector changes in MSCI Global indices, then (Grey line) MSCI ACWI Information Technology + ACWI Communication Services relative to MSCI ACWI Index to 30 November 2020 post GICS sector changes in MSCI Global indices.

...BUT POINT OF GROWTH / VALUE EXTREME

Most expensive vs least expensive tech is stretched

Relative Valuation of Most vs Least Expensive Technology Stocks on P/E



Source: Bernstein Quant Team (Larson), as at 2 December 2020

Note: Chart uses year-end datapoints to 2019 and current datapoint as at 2 December 2020

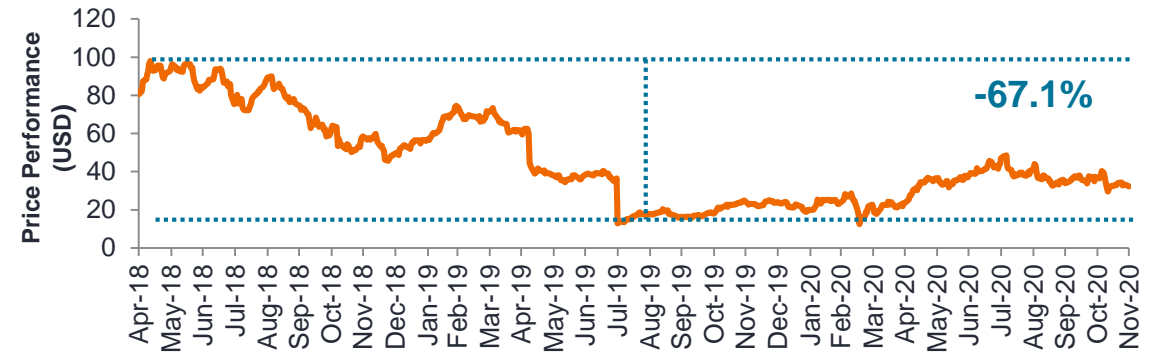
NAVIGATING THE HYPE CYCLE: THEMATICS IGNORING FUNDAMENTALS

You cannot pay your bills with a theme

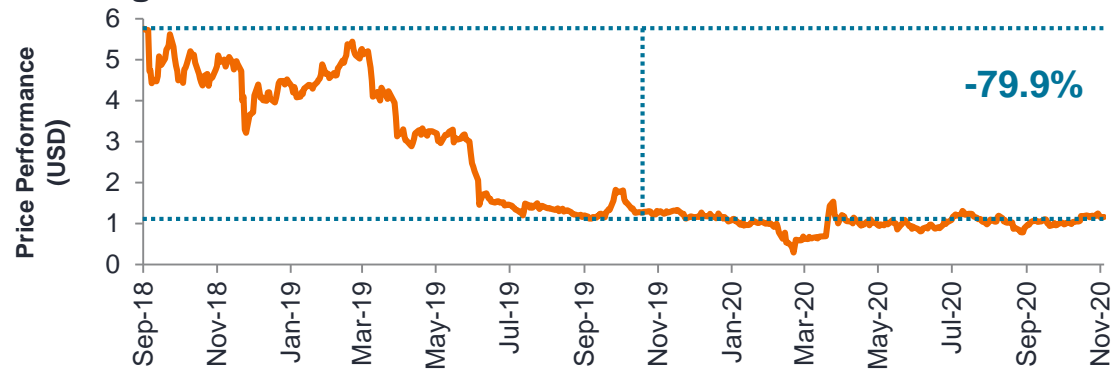
Wirecard: Payments



2U: Online education



Funding Circle: Fintech



Razer: eSports






Source: Bloomberg, as at 30 November 2020

Note: Price performance of Wirecard, 2U, Funding Circle and Razer are shown in USD




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CASH IS KING




Technology is emerging stronger from the crisis

	CY22 P/E	CY22 Growth
	23x	10%
	23x	8%
	22x	9%
Average	23x	9%

**NET
DEBT** >\$98bn

	CY22 P/E	CY22 Growth
	28x	10%
	21x	19%
	22x	20%
Average	23x	16%

**NET
CASH** >\$219bn

	CY22 P/E	CY22 Growth
	14x	17%
	18x	26%
	25x	20%
Average	19x	21%

**NET
CASH** >\$75bn

Source: Bloomberg consensus estimates and Bloomberg Net debt and Net cash, as at 10 December 2020

Note: Please note the above is based on forecasts, not real data (excluding Net debt and Net cash). P/E and Growth calculated using Earnings Per Share Adjusted.

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POWERFUL SECULAR THEMES > MULTIPLE DRIVERS

Investing in powerful secular themes at a reasonable price

PAYMENT DIGITISATION



Average Forward P/E 2022
26x

INTERNET TRANSFORMATION



Average Forward P/E 2022
32x

PROCESS AUTOMATION



Average Forward P/E 2022
35x

NEXT GEN. INFRASTRUCTURE



Average Forward P/E 2022
46x

ARTIFICIAL INTELLIGENCE



Average Forward P/E 2022
42x

Source: Janus Henderson Investors, as at 30 November 2020

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NOT OVERPAYING FOR GROWTH OR THEMES

“The only technology fund that talks about valuation discipline with any credibility”

	Fund	Index
Number of Securities	57	524
Est Sales Growth *	13.4%	11.1%
Est EPS Growth *	17.9%	14.9%
Forward P/E Ratio **	23.5x	21.1x
PEG Ratio	1.31x	1.42x

Source: Janus Henderson Investors, Factset, as at 30 November 2020

Fund: Janus Henderson Global Technology Leaders Fund. Index: Custom index of MSCI ACWI IT + Communication Services.

Note: Quote from recent client call. * Weighted median using CY2022 I/B/E/S estimates. ** Weighted Harmonic Average forward P/E using CY2022 estimates.

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REGULATORY CHANGE IS CONSTANT

Pro-active approach and management execution in focus

SCALE

Drives accuracy and lowers cost

INTERNET USERS

Value relevant content but also privacy and transparency

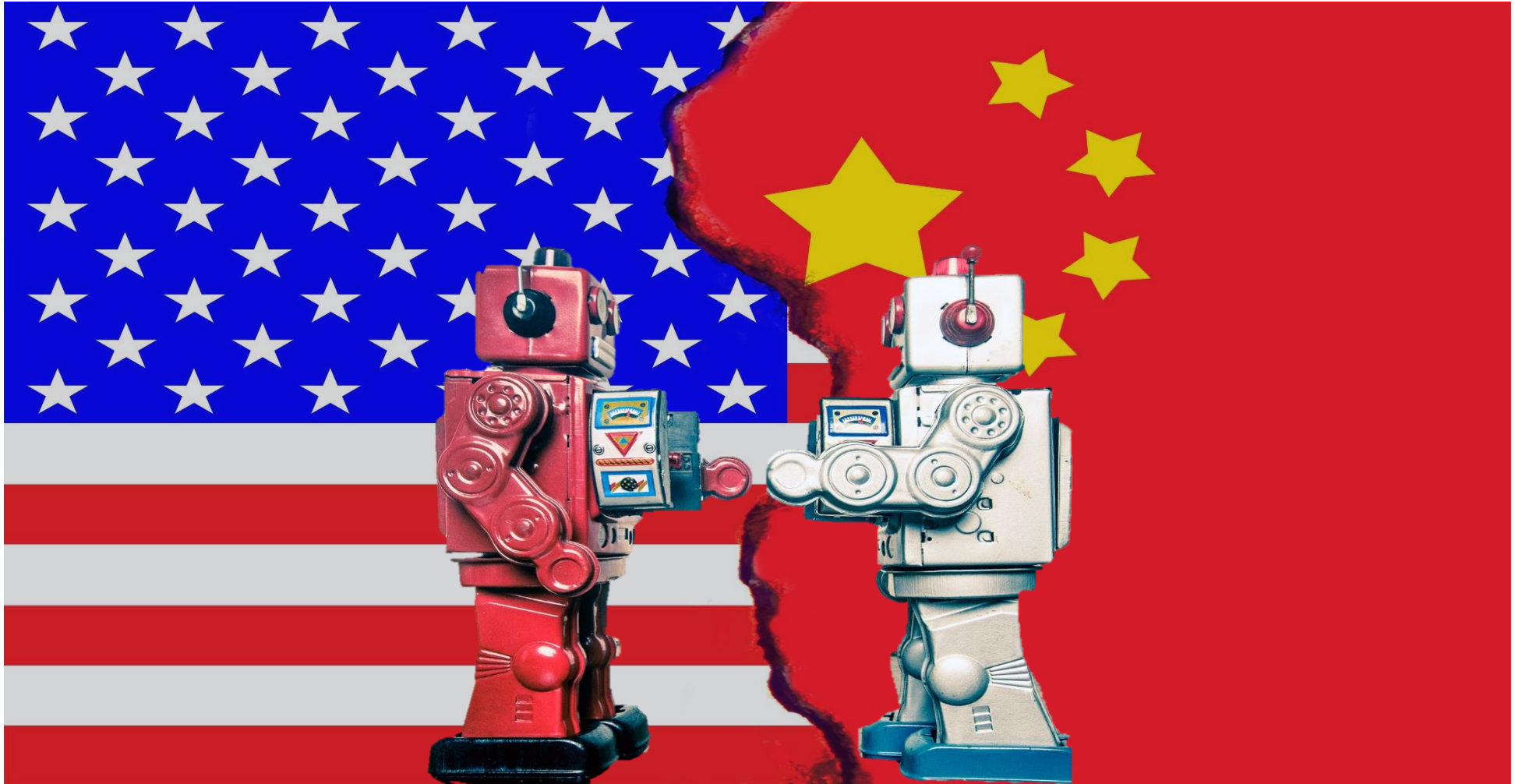
REGULATORS

Protect consumer interest eg. GDPR 2018



Newspaper sources: TheTimes, as at 5 May 2020; Bloomberg, as at 17 June 2010; BBC News, as at 22 April 2020; FT, as at 6 September 2017; Bloomberg, as at 17 June 2018; ComputerWeekly.com, as at 19 March 2020

TECHNOLOGY: US VS CHINA



Source: iStockphoto

ACTIVE: IDENTIFYING OPPORTUNITIES MACHINES CANNOT SEE

Attaining via direct pro-active ESG engagement by the investment team

Security	Engagement Type	Engagement Detail	Method of Engagement	Outcome
Amazon	Environmental	Call with the new Head of ESG Engagement, following up on issues discussed on proxy call and details around the new sustainability report and climate pledge.	Conference Call	This appointment is a positive step and they are keen to have a regular dialogue on ESG related issues.
Apple	Environmental and Governance	Call with Apple discussing various topics following the proxy call, particularly around disclosure and Board level responsibility for the companies ESG initiatives.	Conference Call	Encouraging call where Apple provided an update on their ESG initiatives, focusing on the internal teams dedicated to ESG. Would like to see more Board oversight for ESG accountability.
Ambarella	Governance	Continued engagement on supply chain management, compensation and board diversity. Commitment to pulling together their supply chain policies and philosophy on conflict mineral avoidance and fair treatment of labour into one document. Criticism of management performance targets being too low taken on board.	Formal Action Plan in place	We will continue to monitor the disclosure and progress around supply chain management, compensation and board diversity.
CDW	Governance	After a number of discussions with the company, worth highlighting CDW published their first ever ESG 2019 report in April. We continue our ongoing engagement to have additional verification of supply chain standards.		We continue to monitor and engage on the same.
Facebook	Governance	Letter/VC on the Establishment of clearer identity and core values, Greater transparency and supervision of Oversight Board from C-suite level exec with civil rights experience, Removal or limitation of political advertising and creation of reporting body for bullying or whistleblowing on groups.	Letter/ Video Conference	Positive direction of travel. Community Standards for content, increasing transparency and development of greater user control over timelines.
Samsung	Human Capital and Governance	We also engaged with the Sustainability Office at Samsung, with whom we discussed employee rights, employee health and safety, union relationships, as well as digital ethics and data privacy.	Company Meeting	We continue to monitor and engage on the same.
Uber Technologies	Environmental and Human Capital	Call with Uber to discuss human capital, climate change (Uber's commitment to go 100% EV by 2030 in key markets), data privacy and diversity.	Conference Call	Regarding data breaches and coverups, Uber acknowledged they made mistakes and are tackling this with a better culture and increased transparency (e.g. US safety and ESG reports) while protecting the data of riders/drivers and victims.

Source: Janus Henderson Investors, as at 30 September 2020

The above examples are intended for illustrative purposes only and are not indicative of the historical or future performance of the fund. References made to individual securities should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase, and neither should be assumed profitable.

TECHNOLOGY FOR GOOD: INNOVATION IS THE SOLUTION

Humans have done it before, they can do it again



“ Human beings are the greatest problem-solvers our planet has ever known. We are just yet to apply ourselves to this problem with the scale and urgency it requires. ”

– Sir David Attenborough
Davos 2019

APPENDIX

BIOGRAPHY



Richard Clode, CFA | Portfolio Manager

Richard Clode is a Portfolio Manager at Janus Henderson Investors, a position he has held since joining Henderson in 2014. He is responsible for co-managing the Global Technology Leaders strategy. 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 18 years of financial industry experience.

Source: Janus Henderson, as at 31 December 2020

GLOBAL TECHNOLOGY LEADERS FUND

Annualised Performance (%)

	5 Year	10 Year	Since Inception
Fund – I Acc GBP (Net)	24.88	18.55	14.68
MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index	25.10	19.32	—
IA Technology and Telecommunications Equity	23.16	17.23	11.65

Discrete Performance (%)

	I Acc GBP (Net)	Index	Peer Group
30 Sep 2019 – 30 Sep 2020	32.25	29.06	34.80
30 Sep 2018 – 30 Sep 2019	8.10	9.35	10.19
30 Sep 2017 – 30 Sep 2018	27.46	26.80	21.62
30 Sep 2016 – 30 Sep 2017	27.23	26.34	19.98
30 Sep 2015 – 30 Sep 2016	42.16	43.95	35.31

Index Description

The MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index is a measure of the combined performance of large and medium sized information technology and communication services companies from developed and emerging stock markets around the world. It is the performance target for the Fund and 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.

Source: Janus Henderson Investors, as at 30 November 2020. Discrete performance as at 30 September 2020.

Note: Since inception date: 31 October 1984

Performance target: To outperform the MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index, after the deduction of charges, over any 5 year period. Please note the performance target is to be achieved over a specific annualised time period.

Performance fees may be charged before the Fund's outperformance target is reached.

Index: MSCI ACWI Information Technology Index + MSCI ACWI Communication Services Index

Past performance is not a guide to future performance.

Contact us

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