

GLOBAL SUSTAINABLE EQUITY ACTIVE ETF (MANAGED FUND)

Janus Henderson
INVESTORS

As at January 2022

Fund objective

The Fund seeks to provide capital growth over the long term and to achieve a total return after fees that exceeds the total return of the Benchmark over rolling five year periods.

Investment approach

The Fund seeks to provide exposure to a diversified global portfolio of equities considered by the Manager as contributing to positive environmental or social change, and thereby have an impact on the development of a sustainable global economy.

Benchmark

MSCI World Index (net dividends reinvested) in AUD

Risk profile

High

Suggested timeframe

5 years

Inception date

20 September 2021

Active ETF size

\$1.2 million

Underlying fund size

\$28.5 million

Management cost (%)

0.80 p.a.

Buy/sell spread (%)^

0.10/0.10

Base currency

AUD

Distribution frequency

Semi-annually (if any)

ARSN code

651 993 118

APIR code

HGI8931AU

ISIN

AU0000169229

ASX ticker

FUTR

Performance	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since inception (% p.a.)
Fund (net)	-6.49	-2.07	-	-	-	-	-3.39
Benchmark	-2.27	2.97	-	-	-	-	3.78
Excess return	-4.22	-5.04	-	-	-	-	-7.17

Past performance is not a reliable indication of future results.

Fund performance – net (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep*	Oct	Nov	Dec	YTD
2021	-	-	-	-	-	-	-	-	-2.77	1.46	4.06	0.64	3.31
2022	-6.49	-	-	-	-	-	-	-	-	-	-	-	-6.49

*Fund inception date is 20 September 2021, therefore part month performance is shown.

Top 10 Holdings	(%)	Country Weightings	(%)
Microsoft	6.30	United States	65.08
NVIDIA	3.46	Japan	8.01
Taiwan Semiconductor Manufacturing	3.20	Canada	5.20
Autodesk	3.12	Netherlands	3.22
Evoqua Water Technologies	3.06	Taiwan	3.20
Adobe	3.04	United Kingdom	3.04
Aon	2.72	Germany	2.83
Intact Financial	2.34	Ireland	2.04
Schneider Electric	2.32	France	1.98
Walker & Dunlop	2.30	Hong Kong	1.76
		China	0.47
		Australia	0.31
		Cash	2.85

Sector Weightings	(%)
Information Technology	42.97
Industrials	16.25
Financials	13.22
Consumer Discretionary	6.57
Health Care	5.48
Utilities	4.49
Real Estate	4.04
Communication Services	2.18
Materials	1.42
Consumer Staples	0.52
Cash	2.85

^ For more information and most up to date buy/sell spread information visit www.janushenderson.com/en-au/investor/buy-sell-spreads

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**Head of Global
Sustainable Equities**
Hamish Chamberlayne



Portfolio Manager
Aaron Scully

Fund commentary

The Janus Henderson Global Sustainable Equity Active ETF (Managed Fund) (ASX: FUTR) (Fund) returned -6.49% in January compared with -2.27% from the MSCI World Index (net dividends reinvested) in AUD (Benchmark).

The main theme over the month was the hawkish tone of central banks in the face of continued rising inflation. In particular, markets reacted sharply to anticipated interest rate rises from the US Federal Reserve (Fed). The first hike is likely to be announced in March, with markets now expecting as many as five over the year. This precipitated a huge rotation in markets. Rising tensions between Russia and Ukraine added to the volatility. Those concerns proved to be good news for some low-growth, low-valuation and low-quality stocks, which were among the better performers as investors switched from the technology sector and other areas that had performed well recently.

Top-down market moves drove performance over the month, with high-valuation stocks (or those that had done well in the previous year) selling off, while stocks considered to be 'cheap' soared. Energy was the strongest-performing sector by some distance, while technology was the weakest.

At the stock level, the three largest positive contributors to performance were semiconductor foundry TSMC, video game name Nintendo and Canadian insurer Intact Financial. TSMC fared well after announcing stronger-than-expected short-term results, a positive outlook for growth and profitability, and an upward revision of longer-term expectations. The results reinforced our positive thesis on TSMC. TSMC is a global leader and manufactures the most technologically advanced, next-generation chips, reinvesting a significant proportion of its revenue in empowering development in emerging technologies that enhance efficiencies and enable greater productivity and innovation.

Nintendo was a beneficiary of the market rotation from growth to value, rallying after its underperformance in 2021. We admire Nintendo's approach to governance. Through its entertainment assets, characters and story-telling the company aims to improve quality of life across a range of demographics and we believe its position should be further strengthened by the continued shift to digital and mobile content.

Intact Financial contributed positively to returns, in line with the general strength of the insurance sector. Insurance brokers have tended to outperform in an economic downturn and Intact is undervalued relative to its peers. We like the company's resilient business model and the fact that it is Canada's largest insurer for cars, homes and businesses. Intact is also recognised as one of Canada's best employers, and is using digital technology and data analytics to attract lower-risk customers and improve the customer experience.

The weakest performers over the month were chip manufacturer Nvidia, electric vehicle name Nidec and semiconductor equipment provider Lam Research. Nvidia was a victim of the sell-off in high-growth companies. Nvidia has been positioning itself as the platform for next-generation computing and we like its exposure to the long-term secular trend of digitalisation. We do not think reports that the merger of Nvidia and ARM would fall through will impact on our investment thesis as the company does not need to own ARM outright to pursue its strategy. Meanwhile, it has amassed roughly US\$19.3 billion in cash that it could use to buy back shares.

Nidec shares declined after operating profit fell short of target due to rising input costs. The nature of the company means that quarterly earnings will inevitably vary, but we retain conviction in its prospects. It is the world's leading manufacturer of high-efficiency brushless DC motors, and is driving down costs and gaining further market share. The motors Nidec makes can reduce power consumption by 20–30% and are used in many different applications, ranging from datacentre memory storage and household appliances to electric vehicles and robotics. Increased efficiency should help reduce carbon dioxide emissions.

The share price of Lam Research fell after the company missed its earnings target and reduced forecasts as new supply-chain challenges emerged. Lam experienced unexpected shipment delays from a key supplier in late December, and this impacted revenues. While supply-chain issues are worsening in the first quarter of 2022, once they are resolved, Lam should continue to gain share in the foundry and logic markets. We believe the company will also continue to benefit from the broader digitalisation trend.

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We remain positive and believe a period of inflation will ultimately be beneficial to the growth of many of the companies in which we are invested.

Market outlook

Weakness over the month was typical of a market reaction to anticipated interest rate rises. We remain positive and believe a period of inflation will ultimately be beneficial to the growth of many of the companies in which we are invested.

Important information

Past performance is not a reliable indicator of future performance.

Performance source: Morningstar, Janus Henderson.

Performance figures are calculated using the exit price net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. The information in this monthly report was prepared by Janus Henderson Investors (Australia) Funds Management Limited ABN 43 164 177 244, AFS Licence 444268 (Janus Henderson) and should not be considered a recommendation to purchase, sell or hold any particular security. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested. Holdings are subject to change daily. This monthly report contains general information only and is not intended to be nor should it be construed as advice. This monthly report does not take account of your individual objectives, financial situation or needs. Before acting on this information you should consider the appropriateness of the information having regard to your objectives, financial situation and needs. You should obtain a copy of the fund's offer document and read it before making a decision about whether to invest in the fund. An investment in a fund is subject to risk, including the risk that 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. No person guarantees the performance of, rate of return from, nor the repayment of capital in relation to the Fund. An investment in the Fund is not a deposit with, nor another liability of, Janus Henderson Investors (Australia) Funds Management Limited nor any of the Janus Henderson group entities nor any of their related bodies corporate, associates, affiliates, officers, employees or agents. Prospective investors should refer to the risk sections in the relevant fund's offer document, the Product Disclosure Statement (PDS), for full disclosure of all risks associated with an investment. None of Janus Henderson Investors (Australia) Funds Management Limited nor any of the Janus Henderson group entities nor their respective related bodies corporate, associates, affiliates, officers, employees, agents or any other person are, to the extent permitted by law, responsible for any loss or damage suffered as a result of any reliance by any reader or prospective investor. You should consider the current PDS, available at www.janushenderson.com/australia, before making a decision about the Fund. Target Market Determinations for funds issued by Janus Henderson are available here: www.janushenderson.com/TMD. Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated.

Further information

www.janushenderson.com/australia