

GLOBAL SUSTAINABLE EQUITY ACTIVE ETF (MANAGED FUND)

As at September 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

\$0.9 million

Underlying fund size

\$28.3 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)	-4.20	0.33	-10.50	-17.01	-	-	-18.86
Benchmark	-3.29	0.33	-8.17	-9.71	-	-	-10.19
Excess return	-0.91	0.00	-2.33	-7.30	-	-	-8.67

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	0.06	2.72
2022	-5.95	-5.29	-1.47	-4.51	-1.54	-5.12	9.12	-4.02	-4.20	-	-	-	-21.45

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

Top 10 Holdings	(%)
Microsoft	6.06
Autodesk	3.46
Intact Financial	3.04
Aon	3.02
Humana	2.99
Westinghouse Air Brake Technologies	2.84
Progressive	2.72
Microchip Technology	2.58
Texas Instruments	2.53
TE Connectivity	2.50

Characteristics	
Number of Holdings	53

Sector Weightings	(%)
Information Technology	36.99
Industrials	16.61
Financials	14.93
Health Care	7.07
Consumer Discretionary	5.91
Utilities	5.76
Real Estate	4.00
Communication Services	3.61
Materials	1.04
Consumer Staples	0.48
Cash	3.61

Country Weightings	(%)
United States	64.84
Japan	8.23
Canada	7.12
Netherlands	3.24
United Kingdom	2.71
Switzerland	2.50
France	2.11
Hong Kong	1.92
Taiwan	1.65
Germany	1.57
Australia	0.26
China	0.24
Cash	3.61

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(continued)



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) returned -4.20% in September, compared with -3.29% from the MSCI World Index (net dividends reinvested) in AUD (Benchmark).

In US dollar terms, all sectors delivered negative returns. The health care and consumer staple sectors were relatively more resilient while the industrial, utility, communication services, information technology and real estate sectors all declined by more than 10%.

The Fund's overweight stance towards information technology and real estate had a negative impact on relative performance. Semiconductor and software companies were some of the heavier detractors this month, while real estate companies tend to be sensitive to interest rate moves. Health care and consumer staples companies outperformed in September. We tend to avoid companies within these sectors due to our exclusionary criteria, so our underweight position in the two best-performing sectors also impacted relative performance.

While stock selection in the financial, communication services and industrial sectors benefited relative performance, it was not enough to offset the negative effects of some sharp declines in some of our consumer discretionary, semiconductor and software holdings.

The Fund's leading performers were Humana, a health insurance company, Intact Financial, a Canadian property and casualty insurer, and Aon, an insurance broker.

Humana held an investor day in September. The strength in its shares resulted from upgraded guidance above consensus, driven by favourable medical utilisation trends, while inpatient and outpatient unit costs have also moderated from above-trend levels in the first half of the year. The company also provided promising signs for important growth drivers, such as growth in Medicare Advantage memberships and home health care, as well as improved profitability of its primary care centres. Humana's long-term focus is on providing health insurance to senior citizens in the US. It aims to use integrated care to reduce its members' costs by better preventing health problems and encouraging healthier lifestyles. Humana's products are tailored towards government-sponsored programmes and the growth in demand for retirees' healthcare with affordable products.

Intact's shares reacted strongly to the company's investor day, which highlighted the depth of the management team and its digital and artificial intelligence capabilities. In addition, results were well ahead of its peers. Intact is Canada's largest insurer for cars, homes and businesses and it has a market share of almost 20%. The company uses data analytics to attract lower-risk customers and uses technology to improve customer experience and retention. Intact has competitive advantages in terms of scale and pricing, and we liked the synergies from its 2021 acquisition of RSA. We like Intact's innovation and its strong, forward-thinking management team.

Aon rose along with other insurers, despite delivering no significant news over the month. The company recently affirmed its long-term key drivers, which include cyber, climate and intellectual property. Brokers generally do well in times of economic stress, and Aon has a vital role to play in helping clients to address emerging risks, such as cyber risk, which has become elevated in recent months. Aon also offers innovative products such as parametric insurance, which enhances the accessibility of insurance policies against natural disasters for emerging economies.

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The main detractors were TSMC, a semiconductor foundry, Nvidia, a computer chip manufacturer, and the software provider Adobe.

TSMC faced a sell-off after four of its major clients had scaled back their orders and the market feared the impact on the company. Despite this setback, TSMC is arguably one of the most important companies in the world. It fabricates the chip designs of many leading technology companies and has a foundry market share of around 60%. It is exposed to several growth drivers and invests heavily in research. The stock has fallen to multi-year low valuation multiples and, as a market leader, we think it is well-placed to negotiate inflationary impacts.

Nvidia suffered ongoing uncertainty, not helped by a general market downturn and weakness among its peers. The shares fell when earnings were downgraded for the next quarter amid a decline in Gaming and Professional Visualisation. Other factors that hurt the company included the heightening of geopolitical tensions between the US and China, with the US government tightening its requirement for export licenses. However, Nvidia continues to innovate. Its products are more efficient and use less energy than those of its peers, and are used in autonomous vehicles, artificial intelligence, and medical science.

Adobe's share price fell after it announced the acquisition of Figma, a smaller competitor. We had viewed Adobe as an innovator and this deal cast doubt on that view. Given our concerns, and the limited potential for the share price to rise, we sold the holding.

Market review

Global stock markets posted steep declines in September as interest rates and inflation continued to dominate the economic backdrop. The US Federal Reserve (Fed) is tightening monetary policy faster than other major central banks, and this is fuelling strength in the US dollar and causing some severe currency fluctuations.

Important information

A Product Disclosure Statement and Additional Information Guide for the Fund dated 30 September 2022 is available at www.janushenderson.com/australia.

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.