Janus Henderson

GLOBAL SUSTAINABLE EQUITY ACTIVE ETF (MANAGED FUND)

Janus Henderson INVESTORS

As at February 2023

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
$31.8 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)	2.07	1.33	6.39	-2.07	-	-	-7.34
Benchmark	1.98	-0.63	5.77	-0.28	-	-	-1.44
Excess return	0.09	1.96	0.62	-1.79	-	-	-5.90

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	-	-	-	-	-	-	-	-	-	1.46	4.06	0.06	5.65
2022	-5.95	-5.29	-1.47	-4.51	-1.54	-5.12	9.12	-4.02	-4.20	6.37	3.02	-5.46	-18.61
2023	5.01	2.07	-	-	-	-	-	-	-	-	-	-	7.19

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

Top 10 Holdings	(%)
Microsoft	5.63
Humana	3.21
Westinghouse Air Brake Technologies	3.17
Microchip Technology	2.98
Aon	2.97
Progressive	2.91
NVIDIA	2.73
Schneider Electric	2.67
Intact Financial	2.67
Autodesk	2.63

Country Weightings	(%)
Australia	0.31
Canada	5.98
China	0.24
France	5.27
Germany	2.92
Hong Kong	2.42
Japan	8.89
Netherlands	3.69
United Kingdom	4.14
United States	63.95
Cash	2.19

Characteristics	
Number of Holdings	51

Sector Weightings	(%)
Information Technology	34.40
Industrials	18.62
Financials	14.89
Health Care	8.01
Consumer Discretionary	6.68
Utilities	5.43
Communication Services	3.97
Real Estate	3.35
Materials	2.03
Consumer Staples	0.43
Cash	2.19

^ 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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(continued)

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Hamish Chamberlayne

Portfolio Manager
Aaron Scully

Fund commentary

The Janus Henderson Global Sustainable Equity Active ETF (Managed Fund) returned 2.07% in February, compared with a 1.98% return from the MSCI World Index (net dividends reinvested) in AUD (Benchmark).

The Fund's overweight allocation to industrials and IT sectors was beneficial to relative performance. Many of our industrial names, such as Legrand, Knorr-Bremse and Wabtec, performed well following positive earnings. Semiconductor names such as Microchip Technology, Nvidia and Cadence Design also performed well, as earnings in the industry were largely better than feared. Our underweight to energy and materials, where many companies fail our exclusionary criteria, was also beneficial given that they were two of the worst performing sectors.

On the negative side, our stock selection in consumer discretionary and financials hurt relative performance. Although we had positive contributors in each sector through vehicle technology firm Aptiv, and property and casualty insurers Progressive and Intact Financial, this was more than offset by our other holdings. Exposure to Shimano, Nike and Adidas was a detractor to relative performance in consumer discretionary. Our zero weight to Tesla was also detrimental. In financials, rising interest rate expectations helped banks outperform our other names in the sector, such as AIA Group, Walker and Dunlop and insurance brokers Aon and Marsh and McLennan.

At the stock level, top contributors included laser manufacturer IPG Photonics and semiconductor companies Nvidia and Microchip Technology.

Nvidia’s quarterly earnings showed revenue-adjusted profits and margins beating expectations. The firm also gave above-consensus guidance for the next quarter and was bullish on the prospects for its artificial intelligence (AI) chips, where it holds a leading position. Nvidia's graphic processing units (GPUs) also power innovation in many other end-markets such as gaming, data centres and automotives, where management also provided healthy commentary. Our long-term thesis is unchanged, and we believe the firm still has a long growth runway in several industries that prolong and enrich human life.

IPG Photonics' fourth quarter sales and adjusted profits were better than markets had feared. Backlog increased to record levels, and management gave positive commentary around its growth trajectory and margin expansion following its exit from Russia. We continue to value IPGP's status as a leading supplier of fibre lasers, which are up to 20 times more energy efficient than traditional industrial lasers. IPGP's products deliver compelling cost, waste and energy savings. We feel IPGP has major growth opportunities in several end-markets as firms look to increase efficiency and cut emissions.

Microchip Technology posted impressive fourth quarter results with record revenue and improved margins. Microchip continued its strong free cash flow generation, and this allowed the firm to significantly reduce its leverage and raise the company's first quarter dividend by over 40% year-on-year. As a leading supplier of microcontrollers, Microchip enables innovation and greater efficiency in areas including 5G, data centres, edge computing, electric vehicles and AI. We think Microchip should continue to benefit from strong demand in its end-markets, which have proven more durable than more consumer-facing verticals.

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(continued)

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Notable detractors included video game company Nintendo, cycling components manufacturer Shimano and rehabilitative care provider Encompass Health.

Nintendo released disappointing fourth quarter earnings and cut forward guidance for both hardware and software sales. Markets also appear to be concerned over the lack of a clear successor to Nintendo's highly successful Switch console, which has been on sale since 2017. Nintendo's family-focused games enrich the lives of users and often provide learning opportunities in a social setting. Nintendo's franchises such as Mario, Zelda and Pokémon have proved incredibly durable and are almost impossible for competitors to replicate. The company has a strong balance sheet and could unlock significantly more shareholder value through increased software sales.

Also in Japan, Shimano reported record annual revenue and operating profits that were ahead of expectations. However, shares in the company fell after management gave extremely conservative forward guidance. The firm predicted that annual sales could fall by around 20% in 2023, citing economic headwinds and potential supply-chain issues. Despite this, our long-term thesis is unchanged. The quality of Shimano's cycling components is globally respected. Furthermore, as governments continue to promote cycling as a healthy and environmentally-friendly mode of transport, we expect solid growth in Shimano's end-markets. Thanks to its innovative culture, Shimano is also well-positioned in fast-growing verticals such as electronic bicycles.

Encompass, along with several other health care providers, fell at the start of February after Medicare proposed lower-than-expected rate increases for 2024. Later in the month, Encompass announced fourth quarter revenue and adjusted income that beat analyst estimates. However, the shares fell further due to concerns that Medicare may also seek to cut Inpatient Rehabilitation Rates (IPRs). We continue to like Encompass's exposure to the ageing population trend, which could entail a greater need for rehabilitation treatment facilities. Encompass offers better patient outcomes and lower costs than senior nursing facilities.

Market review

Global equities fell in February as strong US economic data led investors to anticipate further interest rate hikes. Information technology (IT) was the only sector to finish the month marginally positive. Real estate, materials and energy posted the largest losses.