Janus Henderson

GLOBAL SUSTAINABLE EQUITY ACTIVE ETF (MANAGED FUND)

Janus Henderson INVESTORS

As at April 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
$1.0 million

Underlying fund size
$33.4 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)	0.56	7.11	9.55	9.23	-	-	-3.76
Benchmark	3.12	9.16	8.63	10.95	-	-	2.98
Excess return	-2.56	-2.05	0.92	-1.72	-	-	-6.74

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	6.37	3.02	-5.46	-18.61
2023	5.01	2.07	4.36	0.56	-	-	-	-	-	-	-	-	12.48

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

Top 10 Holdings	(%)
Microsoft	6.70
Humana	3.33
Xylem	3.16
NVIDIA	3.15
Aon	3.07
Westinghouse Air Brake Technologies	2.86
Schneider Electric	2.78
Intact Financial	2.70
Progressive	2.67
Legrand	2.56

Country Weightings	(%)
Australia	0.36
Canada	6.03
China	0.18
France	5.34
Germany	3.00
Hong Kong	2.38
Ireland	2.14
Japan	10.30
Netherlands	3.85
United Kingdom	4.10
United States	60.01
Cash	2.29

Characteristics	
Number of Holdings	52

Sector Weightings	(%)
Information Technology	33.66
Industrials	16.92
Financials	16.92
Health Care	9.39
Consumer Discretionary	6.43
Utilities	5.56
Real Estate	3.24
Communication Services	3.22
Materials	1.87
Consumer Staples	0.49
Cash	2.29

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

Head of Global Sustainable Equities
Hamish Chamberlayne

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Aaron Scully

Fund commentary

The Janus Henderson Global Sustainable Equity Active ETF (Managed Fund) returned 0.56% in April, compared with a 3.12% return from the MSCI World Index (net dividends reinvested) in AUD (Benchmark).

At the sector level, the Fund's underperformance was largely driven by stock selection. In IT, Microchip Technology, Texas Instruments and TE Connectivity underperformed as the broader semiconductor industry came under pressure from pricing and demand concerns. In consumer discretionary, Shimano lowered its earnings guidance and Aptiv fell with other automotive suppliers after Tesla missed its forecasted earnings.

More positively, stock selection in industrials and health care helped offset the above as Schneider Electric, Knorr-Bremse, Humana and Encompass Health outperformed. In a weak month for most commodities, the Fund's underweight exposure to materials, where most stocks fail our exclusion criteria, was also beneficial.

Top performers for the month included insurance and consulting company Marsh McLennan, health insurer Humana and rehabilitative care provider Encompass Health.

Marsh McLennan's quarterly earnings beat expectations and showed a double-digit increase in profits. The company helps its clients understand and manage complex risks through its insurance brokerage, risk management and consulting services. We like its exposure to growing demand for insurance and risk management products given the emergence of new risks from diverse sources including climate change, cybercrime and the world's ageing population. With over 80,000 colleagues and a global presence, Marsh McLennan is well positioned to help organisations deal with these challenges.

Encompass Health shares rose after The Centers for Medicare & Medicaid Services proposed a 3% rise in reimbursement rates for inpatient rehabilitative facilities. We continue to like Encompass' 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.

Humana's first-quarter earnings beat expectations, showing an 11% increase in sales and higher-than-expected profits. The firm also raised forward guidance to reflect strong growth and retention rates in its Medicare Advantage (MA) business. Humana's MA enrolments grew by 11% during the quarter and a report in early May showed that overall MA enrolments in the US have now surpassed traditional Medicare plans. As the dominant provider of MA plans, Humana is well exposed to the ageing population in the US. The firm is a pioneer in integrated care and aims to lower costs by encouraging healthy choices that prevent future medical problems.

Notable detractors included clinical research organisation Icon and semiconductor firms Microchip Technology and Texas Instruments.

Shares in Icon declined despite posting a good set of earnings. Sentiment has been challenging following the collapse of Silicon Valley Bank, which is expected to reduce funding for new biotech companies. As Icon derives a relatively small portion of its sales from early-stage biotech firms, we think this pessimism could be overblown. Instead, Icon's growth could rely more on securing further partnerships with major drugmakers, where investments in drug discovery continue to grow and are less vulnerable to downturns. Icon's services help biotechnology and pharmaceutical firms navigate the ever-increasing costs and complexity of clinical trials. The firm's solid record and use of technology set it apart from its peers.

Microchip Technology shares fell along with other semiconductor firms. Several earnings reports – most notably from industry bellwether Taiwan Semiconductor – pointed to softer demand in several end-markets as buyers reduce inventory levels. As a leading supplier of microcontrollers, Microchip enables innovation and greater efficiency in areas including 5G, data centres, edge computing, electric vehicles and artificial intelligence (AI). Microchip's end-markets enjoy strong secular tailwinds and have proven more durable than more consumer-facing verticals.

Company earnings were mixed but generally good enough to outweigh investor concerns over the banking sector.

Texas Instruments' quarterly sales narrowly beat estimates but forward guidance for earnings and revenue was softer than expected. Its management put this down to weaker demand in all the company's end-markets except automotive. Texas Instruments is one of the world's largest semiconductor design and manufacturing companies. Its primary products are analogue chips and embedded processors, which are fundamental building blocks of a more connected world and can also improve efficiency. Texas Instruments holds a strong competitive position due to its longevity, broad product offering and huge investments in research and development. The firm has a good record when it comes to capital allocation and is exposed to the trend of re-shoring legislation such as the CHIPS Act.

Market review

Global equities were flat in sterling terms. Company earnings were mixed but generally good enough to outweigh investor concerns over the banking sector. Consumer staples, energy and health care were the strongest sectors while materials, information technology (IT) and consumer discretionary were weakest.