Janus Henderson

GLOBAL SUSTAINABLE EQUITY ACTIVE ETF (MANAGED FUND)

Janus Henderson INVESTORS

As at July 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
$35.2 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)	-0.40	5.46	12.96	13.00	-	-	-0.45
Benchmark	2.10	6.42	16.17	17.51	-	-	6.06
Excess return	-2.50	-0.96	-3.21	-4.51	-	-	-6.51

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	2.76	3.04	-0.40	-	-	-	-	-	18.61

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

Top 10 Holdings	(%)
Microsoft	6.82
NVIDIA	4.24
Westinghouse Air Brake Technologies	3.68
Xylem	3.19
Aon	2.80
Humana	2.67
Schneider Electric	2.66
ICON	2.60
TE Connectivity	2.53
Legrand	2.53

Characteristics	
Number of Holdings	53

Sector Weightings	(%)
Information Technology	33.94
Industrials	18.62
Financials	16.79
Health Care	8.84
Consumer Discretionary	6.18
Utilities	4.78
Communication Services	3.00
Real Estate	2.69
Materials	1.78
Consumer Staples	0.47
Cash	2.92

Country Weightings	(%)
Australia	0.29
Canada	5.30
China	0.18
France	5.19
Germany	2.93
Hong Kong	2.04
Ireland	2.60
Japan	9.64
Netherlands	3.73
United Kingdom	3.73
United States	61.47
Cash	2.92

^ 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)

Head of Global Sustainable Equities
Hamish Chamberlayne

Portfolio Manager
Aaron Scully

Fund commentary

The Janus Henderson Global Sustainable Equity Active ETF (Managed Fund) returned -0.40% in July, compared with a 2.10% return from the MSCI World Index (net dividends reinvested) in AUD (Benchmark).

The Fund's relative underperformance was largely due to stock selection. This was led by the Fund's exposure to financial companies, as insurers lagged banks and several holdings – notably Aon, Progressive and Intact Financial – underperformed the broader sector. In information technology, an overweight exposure to semiconductor stocks was helpful, as holdings such as Nvidia and Lam Research continued to benefit from optimism surrounding artificial intelligence (AI). This was offset, however, by the underperformance of holdings such as IPG Photonics, Keysight Technologies and Keyence. In industrials, Westinghouse Air Brake Technologies and Advanced Drainage Systems performed well, although this was offset by weakness in several European positions, including Knorr-Bremse, Schneider Electric and Legrand. In communication services, a lack of exposure to Meta Platforms and Alphabet was detrimental as both firms posted strong earnings. The Fund's zero weighting in energy also weighed on performance, as oil prices rallied.

Stock selection in the materials sector was beneficial as the Fund's sole holding, packaging firm DS Smith, rebounded and outperformed the sector. An underweight exposure to healthcare, largely due to the exclusion of pharmaceutical firms, was positive as traditionally defensive sectors continued to lag the Benchmark. The same was true for the Fund's underweight position in consumer staples, where tobacco, alcohol and many cosmetics firms fail our exclusionary criteria.

At the stock level, the top performers included DS Smith, Lam Research and real estate financing company Walker & Dunlop.

DS Smith shares recovered slightly after demand concerns sent the shares lower in June. The company's recycling and packaging operations are closely integrated – to the extent that it takes as little as 14 days for a cardboard box to be made, used, collected, recycled, pulped, pressed and made back into a cardboard box again. We believed the company was well positioned as e-commerce volumes have grown while demand from firms seeking to decrease their environmental impact through sustainable packaging has increased. The company also boasted a strong financial position and had notable advantages in terms of scale.

Lam's quarterly revenue guidance was higher than expected, partly due to increased demand relating to AI applications. Nearly every advanced semiconductor chip utilises the company's technology, which underpins the application of connectivity, advanced computing and AI technology to everything from medical technology to connected vehicles.

Walker & Dunlop shares benefited as cooling US inflation and increased hopes for a 'soft landing' for the US economy improved sentiment towards certain pockets of the real estate sector. Walker & Dunlop is a leading provider of mortgages in multi-family lending and is a key enabler of homeownership for millions of Americans.

Notable detractors included rail components company Knorr-Bremse, Canadian insurer Intact and insurance brokerage and risk management firm Aon.

Knorr-Bremse underperformed after the company held its strategy day, at which it published lower targets for returns on capital employed and cash conversion. Shares in German companies were also weighed down by pessimism about the country's economic outlook. Knorr-Bremse is a prominent global manufacturer of sub-systems and components for the rail and commercial vehicle industries, with much of its technology focused on improving safety and efficiency. As the least carbon-intensive form of mass transport, railway investment could increase as countries rush to reduce greenhouse gas emissions and meet their net zero emission targets.

Aon's quarterly results showed organic revenue growth of 6%, which was lower than its peers. The company's capital-light financial structure has provided a resilient business model within the structurally growing insurance industry. The company has benefited from a near duopoly market structure in the risk and insurance broking sector, and we thought it was well positioned, given the growing need to insure non-physical assets such as software code and data. From a sustainability standpoint, Aon uses big data analytics to help clients manage complex and emerging risks such as climate change, cyberattacks and those associated with the needs of an ageing population.

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(continued)

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Global equities finished higher in July as US inflation continued to trend down and economic data remained robust.

Intact announced higher-than-expected catastrophe losses in the year to date, with much of this driven by wildfires in Canada. The company is one of Canada's largest insurers for cars, homes and businesses, with a market share of nearly 20%. It uses digital technology and data analytics to help customers drive more safely by better understanding and mitigating risk. Intact is also recognised as one of Canada's best employers. The firm has historically generated a mid-teen operating return on equity due to profitable underwriting, good cost discipline and effective distribution that has led to sustained growth in written premiums.

Market review

Global equities finished higher in July as US inflation continued to trend down and economic data remained robust. All sectors within the Benchmark made gains, with energy, communication services and financials performing the best, while healthcare, utilities and consumer staples were the weakest.

Further information
www.janushenderson.com/australia