

GLOBAL SUSTAINABLE EQUITY ACTIVE ETF (MANAGED FUND)

Janus Henderson
INVESTORS

As at January 2024

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

\$1.1 million

Underlying fund size

\$36.5 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)	3.48	11.81	6.51	20.31	-	-	2.34
Benchmark	4.46	11.22	7.35	24.71	-	-	7.93
Excess return	-0.98	0.59	-0.84	-4.40	-	-	-5.59

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	1.10	-5.18	-0.63	5.70	2.23	22.09
2024	3.48	-	-	-	-	-	-	-	-	-	-	-	3.48

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

Top 10 Holdings	(%)	Country Weightings	(%)
Microsoft	7.69	Australia	0.17
NVIDIA	5.16	Canada	4.79
Westinghouse Air Brake Technologies	3.90	France	5.25
Progressive	3.10	Germany	3.02
Schneider Electric	3.07	Hong Kong	1.54
Xylem	3.03	India	1.12
ASML	2.66	Ireland	2.58
ICON	2.58	Italy	1.03
Mastercard	2.55	Japan	7.48
Intact Financial	2.50	Netherlands	4.62
		United Kingdom	3.37
		United States	62.81
		Cash	2.23

Sector Weightings	(%)
Information Technology	34.01
Industrials	20.72
Financials	17.47
Health Care	8.02
Consumer Discretionary	4.60
Utilities	4.12
Communication Services	4.02
Real Estate	2.93
Materials	1.53
Consumer Staples	0.34
Cash	2.23

^ 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) (Fund) returned 3.48% in January, compared with a 4.46% return for the MSCI World Index (net dividends reinvested) in AUD (Benchmark).

Global equities posted positive but muted returns in January as investors weighed growing evidence of an economic 'soft landing' in the US against the possibility of later interest rate cuts. Communication services, technology and healthcare led the sector rankings, while materials, real estate and utilities underperformed. Chinese shares fell amid concerns for the country's economic recovery and property sector.

The Fund's overweight position in technology, underweight exposure to materials and exclusion of energy shares contributed to performance. Stock selection in the technology sector added further value. The Fund's overweight position in semiconductor companies also contributed, with Nvidia, ASML, Cadence Design Systems and Lam Research outperforming. Stock selection in real estate was also beneficial thanks to our position in data centre company Equinix.

On the other side, overweight positions in industrials and utilities detracted from performance. Stock selection in healthcare also detracted, as Humana, Icon and Nanosonics underperformed and overshadowed the strong performance of Encompass. Elsewhere, stock selection in financials hurt returns, despite Mastercard and several of the Fund's insurance holdings performing well. Headwinds here included Walker & Dunlop falling on sector weakness, Indian bank HDFC reporting soft earnings and AIA falling amid poor sentiment towards China. Within consumer discretionary, Aptiv, Shimano and Nike continued to underperform, which weighed on returns.

At the stock level, top contributors included semiconductor firm Nvidia, property and casualty insurer Progressive and semiconductor equipment company ASML.

As we see more and more announcements of Artificial Intelligence (AI)-based applications, continued spend on AI tools, and evidence of high demand and strong pricing for Nvidia's chips, the stock has continued to perform very well. With AI increasingly looking like it could enhance so many aspects of our global economy, from novel drug discovery to autonomous and safer driving, to more efficient use of enterprise data, and so many other areas beyond these, the runway for Nvidia's growth looks impressive. That the company's GPUs are also greatly enhancing the energy efficiency of data centres mean there are a variety of ways that the see the company aligning with the Fund's sustainable development themes.

Progressive announced better-than-expected fourth-quarter results and also reported favourable underwriting conditions in its December metrics. The company's superior analytics technology has delivered excellent underwriting results over a long period of time. In turn, this has allowed Progressive to offer essential financial protection at lower prices while encouraging safer driving habits. This has, historically, led to impressive market share gains and strong free-cash-flow generation.

ASML's fourth-quarter results beat expectations and a higher order backlog suggested strong and improving demand in the company's end markets. As a leading provider of semiconductor making equipment, ASML is a key enabler of technological advancement in almost every industry imaginable. The company's culture and record of innovation should also continue to underpin sustainability improvements in semiconductor manufacturing, which has traditionally been very carbon intensive.

Notable detractors included health insurer Humana, real estate financing firm Walker & Dunlop and clinical research organisation Icon.

Humana's quarterly revenue beat expectations, but higher costs caused the firm to announce lower profits and weaker forward guidance. Humana is the dominant provider of Medicare Advantage plans and is well exposed to the ageing population trend 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.

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Walker & Dunlop fell with other real estate shares as investors dialled back their enthusiasm regarding the timing of interest rate cuts. As a leading provider of mortgages in multi-family lending, Walker & Dunlop is a key enabler of home ownership for millions of Americans.

Icon shares fell despite the company guiding to further organic growth in 2024. The company's share price also suffered from weaker sentiment towards the biotechnology sector, which is home to many of Icon's customers. Icon's services encourage innovation and life-saving breakthroughs in medicine by helping biotechnology and pharmaceutical firms navigate the ever-increasing costs and complexity of clinical trials. We believe Icon's solid track record and use of technology set it apart from its peers and could help the firm secure further partnerships with major drugmakers.

Stock selection in technology helped relative returns but it detracted in the healthcare sector. Nvidia was the Fund's top performer and Humana detracted.

Our focus remains on identifying sustainable businesses that are exposed to secular growth trends and exhibit healthy cash generation, strong financial positions, and reasonable valuations.

Over the past year, the trifecta of geopolitical discord, inflation and higher interest rates has created a challenging environment for sustainable investing. The transition to a sustainable economy requires investment, and higher interest rates naturally present a headwind to this ideal. Real growth has also been slowing in many end markets associated with the sustainable investment themes that we focus on.

Manager Outlook

As we look ahead to the forthcoming year, 40% of global GDP will be voting for a US President, and there will also be pivotal elections held in other major economies including the UK and India. Election years tend to bring additional fiscal support along with other levers that are supportive of economic growth. Lower interest rates should be positive on the margin for sustainable investing, as well as reinvigorating other pockets of the economy, such as the housing industry. 2024 is also the year in which we should start to see a large increase in spending from the various US acts (CHIPs, Infrastructure, Inflation Reduction) impacting the economy.

However, we are not in the business of macroeconomic prognostications. The market has an uncanny knack of surprising its participants, so rather than gazing into an imagined crystal ball and hypothesising on potential future economic/market outcomes, the scope for a "Goldilocks" scenario, or an economic "soft landing", what we can say with some confidence is that the actual outcome will most likely look very different to what so-called "expert" economic forecasters predict. One might view the track record of this group as testament to that.

Our job as long-term fundamental bottom-up investors is to remain focused on the micro aspects of high-quality businesses exposed to attractive secular trends, and underwriting these businesses in order to gain conviction that they can compound wealth and make the world a better place in all market conditions. We have witnessed impressive underlying progress in the laying of foundations for a period of accelerated growth in relation to reshoring manufacturing in key clean tech industries such as batteries and semiconductors, the electrification of transportation, greening buildings, decarbonising electricity and transforming industry among others.

We continue to meticulously follow our robust investment process, identifying sustainable businesses exposed to these growth trends, religiously focusing on cash flow generation, strong balance sheets, financial resilience and exercising valuation discipline, rather than adhering to the zeitgeist due to the "fear of missing out". It is fitting to quote the late and great Charlie Munger of Berkshire Hathaway as we conclude on major market activity in the year of his passing, who has offered countless lessons to investors on the virtues of maintaining and nurturing rationality in the investment process: "The world is full of foolish gamblers, and they will not do as well as the patient investor".

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Important information

The Product Disclosure Statement for the Fund, dated 29 September 2023, and the Additional Information Guide, dated 29 September 2023, are 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 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 does not take account of your individual objectives, financial situation or needs. 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. 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