Janus Henderson

GLOBAL SUSTAINABLE EQUITY ACTIVE ETF

Janus Henderson INVESTORS

As at December 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 investors with exposure to a diversified global portfolio of companies, whose products and services are aligned to 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

Share class size
$1.5 million

Fund size
$56.7 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)	-0.42	5.18	5.09	21.90	6.60	-	6.89
Benchmark	2.47	11.87	14.55	30.78	12.19	-	13.15
Excess return	-2.89	-6.69	-9.46	-8.88	-5.59	-	-6.26

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	7.51	2.51	-3.71	5.06	0.56	3.43	-2.25	-1.18	1.93	3.63	-0.42	21.90

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

Top 10 Holdings	(%)
Microsoft	5.85
NVIDIA	4.92
Schneider Electric	3.32
Westinghouse Air Brake Technologies	3.11
T-Mobile US	3.09
Progressive	3.06
Spotify Technology	2.95
Mastercard	2.58
Cie de Saint-Gobain	2.45
Arthur J Gallagher	2.44

Characteristics	
Number of Holdings	57

Sector Weightings	(%)
Information Technology	27.95
Industrials	24.61
Financials	17.62
Health Care	10.37
Communication Services	7.17
Utilities	3.32
Consumer Discretionary	3.31
Real Estate	2.13
Consumer Staples	0.33
Cash	3.20

Country Weightings	(%)
Australia	0.05
Canada	6.30
France	7.39
Germany	3.83
Hong Kong	1.70
India	1.11
Ireland	3.64
Italy	1.99
Japan	4.53
Netherlands	3.93
Sweden	2.95
United Kingdom	1.48
United States	57.89
Cash	3.20

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

GLOBAL SUSTAINABLE EQUITY ACTIVE ETF

(continued)

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Hamish Chamberlayne

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Fund commentary

The Janus Henderson Global Sustainable Equity Active ETF (Fund) returned -0.42% in December, compared with a 2.47% return for the MSCI World Index (net dividends reinvested) in AUD (Benchmark).

Global equities fell over December as hawkish comments from the US Federal Reserve (Fed) and the resultant sharp rise in US Treasury yields (fall in prices) weighed on sentiment. The Fed said it expected to make fewer interest rate cuts in 2025 because inflation would likely take longer to return to below its 2% target.

Only three sectors performed positively over the month. The consumer discretionary sector was the strongest, followed by communication services and information technology (IT). The materials sector fared worst, followed by real estate and energy.

Against this backdrop, the Fund's notable underweight position in the consumer discretionary sector detracted from relative performance. Having no positions in either the materials or the energy sectors contributed positively.

Market narrowness was a prevailing trend over the month. Having no positions in mega-cap companies such as Broadcom, Apple, Tesla, Amazon and Alphabet proved a key driver of relative underperformance. Together, this contributed to approximately two-thirds of the Fund's relative underperformance.

Stock selection in the communication services, healthcare and financials sectors also weighed on relative performance. In communication services, the overweight positions in T-Mobile and Spotify were negative as they returned some the share price gains made throughout the year. In healthcare, Humana detracted due to stock-specific news. In financials, a general market shift into banking stocks meant the Fund's positions in insurance companies underperformed.

At the stock level, the largest positive contributors were automotive technology business Aptiv, specialised water distributor company Core & Main, and semiconductor capital equipment company ASML.

Aptiv presented at a sell-side conference and provided slightly better commentary. The company has struggled through the year due to a challenging automotive market. Aptiv is a leader in the automotive technology industry, and the company prioritises smart design to make components smaller and lighter, helping make the resulting product greener and more efficient. The business' proprietary technology is a key building block enabling driverless vehicles. With the vast majority of accidents being a result of driver error, Advanced Driver Assistance Systems (ADAS) should mean fewer accidents and the creation of new transportation business models.

Shares in Core & Main moved higher on the back of recent strong earnings. The company is a leading distributor of products and services for water infrastructure and fire protection in the US. Its products are used by municipalities and construction industries for the building, repair and maintenance of water, wastewater and fire protection systems. Core & Main is a key beneficiary of the upgrade of the ageing water infrastructure in the US, with a nationwide footprint to ensure the safe and reliable distribution of water to the public.

There was no material news for ASML and our long-term investment thesis remains unchanged. ASML is focused on inventing advanced technology to produce high-technology lithography (transferring patterns or shapes to silicon wafers), metrology (measurement) and software solutions for the semiconductor industry. This in turn helps facilitate more efficient electronic systems, which underpin most sectors of advanced economies. ASML has a vital role to play in decarbonising the semiconductor industry over the longer term, and as such our investment thesis remains intact.

Notable detractors at the stock level included holdings in health insurance provider Humana, Uber Technologies, and network telecommunications company T-Mobile.

Shares in healthcare insurer Humana continued to underperform. Reports were released regarding the risk to its earnings coming from members who utilised both Medicare Advantage and the Veterans Health Administration cover. We continue to believe that in the longer term, Humana, as the dominant provider of Medicare Advantage plans, is well exposed to ageing demographics 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, which we believe ultimately makes the world a better place.

Notwithstanding the outsized contribution of the 'Mag 7', encouragingly 2024 saw the beginning of a broadening in equity returns beyond the 'Mag 7'.

Uber also underperformed in the period. Waymo, a ride-hailing service entirely focused on autonomous driving, saw increased ride volumes, and expanded service areas. Meanwhile, one of Waymo's competitors, Cruise, announced they will be shutting down. The company had a partnership with Uber, leading to concerns around Uber's role in a world of autonomous vehicles. The near-term backdrop is also challenged, with Trump's stance on immigration presenting a potential headwind to Uber, as well as Trump's close relationship with Elon Musk. While the near-term could be challenging, this does not change our long-term thesis. As the leading ride-sharing platform globally, Uber continues to have solid fundamentals. Uber's ride-sharing products allow riders to reduce their travel costs while driving higher utilisation of vehicles, fuelling a circular economy dynamic. In addition, Uber has committed to being a fully electric, zero-emission platform by 2030 in Canada, Europe, and the US, and by 2040 globally.

T-Mobile's share price fell over December following news reports of the CEO's comments at a conference suggesting slower growth. This was misinterpreted by the press and does not change our thesis. Positively, the company did announce that it would buy back up to $14 billion of shares by the end of 2025. T-Mobile is the clear leader in 5G investment in the US. Here, its 5G networks already cover nearly all of the US, around two years ahead of competitors, with additional investments planned to improve speed and reliability. We believe the company will play a pivotal role in the upcoming era of ubiquitous connectivity through the Internet of Things (IoT).

Manager Outlook

Notwithstanding the outsized contribution of the 'Mag 7', encouragingly 2024 saw the beginning of a broadening in equity returns beyond the 'Mag 7'. We expect this trend to continue into 2025, supported by growing confidence in avoiding an economic "hard landing" – particularly in the US – and changing geopolitical dynamics.

We think that the market's broadening trend in 2025 presents a highly favourable landscape for active investors. While the 'Mag 7' stocks have dominated the S&P 500 Index, their disproportionate influence has created potential value opportunities in other market segments. As such, we are remaining watchful for attractive entry points in overlooked areas, both in the US and globally. The combination of potentially lower interest rates and projected strong earnings growth could further enhance these opportunities in our view.

The US presidential election presents intriguing investment avenues, but also introduces uncertainties for global markets, particularly regarding potential punitive tariffs and US dollar strengthening. While sustainability-related investment themes may face challenges under the Trump administration, historical precedent suggests that fears may not match reality. For example, the US actually added more renewables during the previous Trump presidency than during the Obama administration. Significantly, companies tend to operate on longer timelines than presidential terms, so despite the potential for negative policies towards ESG and sustainability, we think that these corporates are likely to maintain their commitment to sustainability. Moreover, current attractive valuations across the green-asset spectrum could lead to better-than-expected performance in the sector.

Earnings growth is anticipated globally in 2025, with productivity gains driven by AI applications and innovation potentially differentiating company performance. Sectors beyond technology, such as healthcare, are seeing groundbreaking innovations that could drive returns. An example is GLP-1s for obesity, where already these drugs, which are yielding weight loss levels in patients once achievable only through surgery, are annualising more than $50 billion in sales and have been growing by 50% annually. This is just one example of the many innovations that we think could drive returns in the year ahead and lead to a more dynamic playing field for equity investors.

Regional factors will also play a role in 2025. Europe may see deeper interest rate cuts, potentially benefiting risk assets. Japan's corporate reforms and end of deflation could support its stock market. India's continued pro-manufacturing and infrastructure policies under Modi's re-election may boost growth. And China's recent stimulus efforts could help stabilise its equity market and lift economic growth.

Ultimately, our investment approach remains steadfastly grounded in bottom-up stock selection. We employ a rigorous and consistent methodology, emphasising thorough fundamental analysis. Our focus is on identifying companies with compelling financial profiles that we believe have the potential for long-term wealth creation, while making the world a better place. Throughout this process, we maintain strict adherence to valuation discipline. Indeed, we have noted a number of pockets of tremendous value sitting within our current portfolio of high-quality businesses, which we are very excited about. And our portfolio metrics are continually refined and enhanced to set ourselves up for outperformance.

We recognise that the ongoing economic and technological transition, which is deeply intertwined with sustainability themes, represents a significant multi-year megatrend that is likely to persist. To fully leverage the opportunities presented by this shift, we believe adopting a long-term perspective is crucial. This approach allows us to navigate short-term market fluctuations while positioning our portfolio to benefit from enduring, transformative trends in the global economy. The "sustainability train" cannot be stopped!“.

Further information
www.janushenderson.com/australia