

Janus Henderson Global Equity Market Neutral Fund

November 2018

For promotional purposes
For professional investors only

Fund manager: Steve Johnstone

Performance and activity

The fund finished the month down 1.5% while the broader HFRX Market Neutral Index was down 1.6% over the period.

The fund struggled as stock specifics, market rotation and short squeezes all took their toll. However, this has affected the majority of our peer group and we still compare favourably to the peers on a year-to-date basis.

On the positive side, the top performer was a US utilities pair. We opened a short position in a Californian utility company on the basis that the company was exposed to the negative impact of the California wildfires, given its lack of legal protection. The stock proceeded to fall as investors grew wary of the extent of the liability faced by the company. On the long side, a utilities company with no exposure to California was up over the holding period. We closed out the pair locking in a strong gain.

The second highest contributor was a UK utilities pair. The short side of the pair fell amid ongoing uncertainty surrounding the outcome of the Brexit negotiations. The uncertainty surrounding UK Prime Minister Theresa May's tenure raised the prospect of a Labour government run by Jeremy Corbyn who has pledged to nationalise sections of the industry. The stock fell further after it reported a decline in customer numbers.

On the negative side, the worst performer was a Japanese pharmaceuticals pair. The short side of the pair rallied through the month on very little stock specific news. This breached our soft stop-loss and in light of the short covering that we have seen we switched the short into a new position. Also in Japan, we were hit at the beginning of the month by a Japanese telco on the long side after a rival announced price cuts as a result of government pressure. However, we felt that the company is more insulated than its rival, so we retained the position while switching into a more effective hedge on the short side. The long side subsequently rallied 13% following the sell-off at the beginning of the month. We were hit on the long side of a European pair. The automaker was caught up in the negative sentiment surrounding the sector due to the ongoing debate around the imposition of tariffs by the US on imported cars.

At the end of November we had 82 pairs on the book with a gross exposure of 184% and a net exposure of 0.5%. We opened four new pairs in Europe following the introduction of a new manager in this space in September, who has contributed positively since joining with a number of stock specific earnings surprises. We closed two pairs in emerging markets and opened one new pair, which is a relative value trade between two South African banks. In Japan, we took profits on one pair and switched the short side of another pair, and in Asia we opened one new pair. In the US, we closed four pairs and opened two new pairs.

Source: Janus Henderson Investors, as at 30 November 2018

For further information on the Luxembourg-domiciled Janus Henderson fund range please contact your local sales office or visit our website: www.janushenderson.com

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A copy of the Fund's prospectus, key investor information document, articles of incorporation, annual and semi-annual reports can be obtained free of cost from the Fund's: Austrian Paying Agent Raiffeisen Zentralbank Österreich AG, Am Stadtpark 9, A-1030 Vienna; French Paying Agent BNP Paribas Securities Services, 3, rue d'Antin, F-75002 Paris; German Information Agent Marcard, Stein & Co, Ballindamm 36, 20095 Hamburg; Belgian Financial Service Provider Dresdner Van Moer Courtens S.A./N.V. Société de bourse, Drève du Prieuré 19, 1160 Bruxelles; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid; or Swiss Representative BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich who are also the Swiss Paying Agent.

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