

# Janus Henderson Global Equity Fund

June 2019

For promotional purposes  
For professional investors only

**Fund manager names:** Ian Warmerdam & Ronan Kelleher

## Performance and activity

The fund returned 2.8% in June, underperforming its benchmark index, the MSCI All Countries World, which returned 4.3%.

Global equity markets rallied in June following a rather turbulent month of May. There was strong performance from cyclical sectors such as developed market financials, energy and materials. Our structural relative lack of exposure to these sectors detracted from the fund's relative performance. There were, however, positive contributions from the positions in the consumer discretionary and health care sectors.

Icon, an Irish company and one of the largest listed contract research organisations (CROs) companies, contributed positively. CROs help pharmaceutical and biotech clients launch new drugs by managing the clinical trial process. The complexity of running clinical trials has increased markedly in the last 20 years, with regulators requiring more data and longer treatment periods to prove the safety and efficacy of drugs. The resulting increase in costs has encouraged the outsourcing of more and more of this work to specialised CROs, but with the addressable market less than 50% penetrated currently, and with the top five firms only accounting for 40% of this, this is a long-term trend we see continuing for many years to come. Icon sets itself apart within its industry by having an exceptional track record of operational performance, an innovative approach to adopting new technologies, and a balance sheet that provides significant financial flexibility.

Estee Lauder was also among the fund's positive contributors. Beyond its Estee Lauder branded products, the cosmetics company's brands include Clinique, MAC and Origins; the strength of such brands have helped it achieve pricing power and consumer loyalty, and as a result we have seen the company increase its market share. The company is family controlled, and members of the Lauder family remain involved in the management of the company today. We think this helps to preserve the long term mind-set and alignment of interests between shareholders and management which we look for in companies.

Despite strong results, Auto Trader was the fund's most significant detractor. Auto Trader dominates the UK online autos marketplace, generating hundreds of millions of advert views per month with both retailers and individuals advertising vehicles on their platform. They also provide access to ancillary services like finance, vehicle history, reviews and insurance while also offering data-driven products to sellers which increases their ability to grow their average revenue per user. We think the company is well-positioned to benefit from the continued trend of advertising spend moving from offline to online, a secular trend that we believe will sustain for the long term.

Shoprite also detracted from performance. Shoprite is South Africa's largest retailer, operating across the consumer income spectrum through its lower income-focused Usave stores right through to Checkers which targets relatively more wealthy consumers. The company has been expanding further into Africa and now has stores in major developing markets like Nigeria and has also entered the likes of the Democratic Republic of Congo and Uganda. As incomes in developing economies increase, the demand for a high quality of packaged foods and household goods should rise, creating opportunities for strong local brands to benefit.

There was no portfolio activity of note in June.

## Outlook

As ever, our strategy is to avoid making major macroeconomic calls and to instead focus "bottom-up" on finding companies with underappreciated growth and high barriers to entry at attractive valuations. Through purchasing undervalued securities that are exposed to strong secular tailwinds of growth, we aim to generate attractive returns over the longer term.

Source: Janus Henderson Investors, as at 30 June 2019

# Janus Henderson Global Equity Fund

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

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