# Diversified Growth (NURS) Fund

Janus Henderson INVESTORS

## Fund facts at 31 July 2019

**Fund Manager**
Paul O'Connor

**Fund Manager**
Oliver Blackbourn

**Fund Manager**
Nicholas Harper

**Fund aim:** To achieve long term capital growth with some potential for income returns with lower than equity market volatility.

**Launch date:**
28 February 2011

**Fund Size: 225.9**

**Type of shares:**
**A –** Retail
**I, Y –** Institutional
**Z –** Internal

**Index:**
3 month GBP LIBOR Interest Rate + 4%

**Index usage:**
Target & Comparator

**Midday price:**
**Z Class 1.47**

**Sedol number:**
**Z class- B61H3Z7**
**Dealing frequency:** Daily

## Fund manager commentary

**Unless otherwise stated, returns are MSCI indices expressed in local currency terms. The return for the UK equity market uses the FTSE All Share Index in local currency terms. UK equity market performance is represented by the FTSE All-Share Index in GBP.*

Performance across global assets in July was more muted compared to a very strong June. Global stock markets finished the month almost flat at -0.1% in US dollar terms. Global returns were driven by the UK market (+1.0%) as a weaker sterling propelled export-focused multinational equities in the FTSE All-Share. In the US, the S&P 500 (+0.7%) reached all-time highs. Global government bonds posted modest gains, with strength in European bonds and UK Gilts offsetting mild weakness in US treasuries. July was a good month for precious metals, with silver (+7.4%) and gold (+2.1%) posting solid gains. However, other commodities were down such as oil, hit by softer demand and growing tensions in the Persian Gulf.

In the UK, Boris Johnson won the leadership of the Conservative Party with roughly two-thirds of the vote, propelling him de facto to the post of UK Prime Minister. In reaction to this, sterling was the worst-performing currency of the month, reaching lows against the US dollar last seen in 2017. A "no-deal" outcome is being increasingly reflected in the currency as markets focus on the hard-line stance and rhetoric of the new prime minister. Mr Johnson made waves within his first days in office, re-shuffling his cabinet to reflect a clear pro-Brexit agenda and made a point of reiterating that the UK would leave the European Union on 31 October "no ifs or buts". However, the current configuration of parliament has demonstrated that it is not willing to allow the UK to leave the EU without a deal and to do so would thus likely require either a general election or a fresh referendum.

The last day of July was much anticipated by investors, as the US Federal Reserve (Fed) met and cut rates by 0.25% for the first time since 2008. The move had widely been priced in by the markets, but those participants pricing in a much larger cut of 0.50% were disappointed as Chairman Powell described the cut as a "mid-cycle adjustment to policy" rather than the beginning of a lengthy cutting cycle. The Fed also opted to end its balance sheet runoff effective of the date of the meeting rather than at the end of September as originally planned. The US economy has shown some weak areas, such as manufacturing, but the economy overall is stable and remains one of the stronger economies globally. Over the month, the US jobs market bounced back from a weak print in June and the second-quarter GDP print beat analyst expectations with 2.1% quarter-on-quarter annualised growth.

The European Central Bank (ECB) also made headlines. Christine Lagarde was nominated to take over from Mario Draghi as the leader of the ECB this November. For many investors the appointment signals a continuation of accommodative policy, Lagarde being one of the more dovish candidates. A dovish policy stance was further reiterated during the ECB governing council meeting as members strongly hinted at another easing package by the end of the year. Additional rate cuts as well as a revival of the asset purchasing scheme (quantitative easing) may be on the cards. High grade corporate debt would likely be targeted as part of further asset purchases, which prompted European credit to rally strongly. As much as 40% of the European investment grade market ended the month on negative yields.

The outlook from here appears uncertain. Whereas the balance of evidence points towards a stabilisation of growth in the months ahead, many risks threaten this scenario, not least geopolitical developments such as Brexit and deteriorating US-China economic relations. Even if the global recovery does manage to overcome these challenges, valid questions persist about the strength of the cyclical upswing beyond that. Our base case scenario is one of growth, inflation and interest rates remaining lower than historical norms for some time, but in some way being compensated for by the unusually elongated economic expansion. It is important to recognise that many idiosyncratic features of the current macro environment make historical precedent a questionable guide right now, rendering forecasting more difficult than usual. Accordingly, we remain flexible in our views, diversified in our fund positioning and vigilant for anything that might shift the probabilities on key outlook scenarios.

# Diversified Growth (NURS) Fund
(continued)

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**Important Information**

Past performance is not a guide to future performance. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change.

This document has been produced based on Janus Henderson Investors' research and analysis and represents our house view.

All figures are sourced by Janus Henderson Investors and as at report end date unless stated otherwise. All charts source Thomson Reuters Datastream/ Janus Henderson Investors unless otherwise stated. All yield curve data is source Bloomberg Barclays. All fund performance data is sourced from Janus Henderson Investors. Analytics Provided by The Yield Book® Software.

Returns are shown gross of fees, unless stated otherwise. Fee structures can be found in your IMA and net of fee performance can be made available upon request.

Performance figures for clients invested in single pooled accumulation unit funds, are calculated using the monthly close of business price of the product held. If your portfolio has purchased or sold a pooled fund and that transaction has occurred on a swung price, the monetary impact of the swung price is not captured. Where appropriate we will provide the monetary impact separately. For other clients, performance is calculated using the time weighted rate of return methodology.

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Index description: 3 Month GBP LIBOR is the interest rate at which a selection of banks in London will lend pounds sterling to one another for three months. It is the basis for the performance target of the fund and provides a useful comparison against which the Fund's performance can be assessed over time.

**For further information please visit our website at www.Janushenderson.com**

| Performance* | Fund | Benchmark |
|---|---|---|
| 1 month | 16 | 0.4 |
| 3 months | 4.0 | 12 |
| 1 year | 4.6 | 4.8 |
| 3 years | 5.5 | 4.6 |
| 5 years | 5.1 | 4.6 |
| Since Inception pa** | 4.7 | 4.6 |

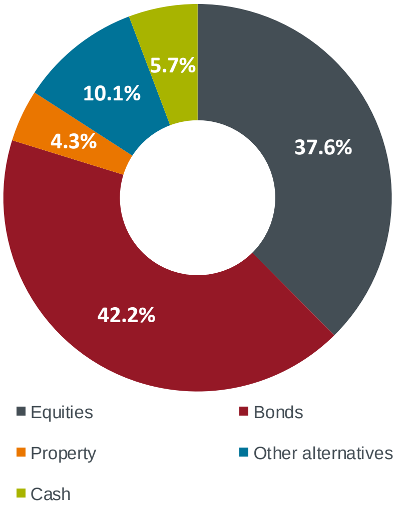
| Discrete year performance | % change |
|---|---|
| 30/06/2018 to 30/06/2019 | 4.3 |
| 30/06/2017 to 30/06/2018 | 4.3 |
| 30/06/2016 to 30/06/2017 | 8.8 |
| 30/06/2015 to 30/06/2016 | 2.4 |
| 30/06/2014 to 30/06/2015 | 4.5 |

**Inception date 28/02/11
Performance greater than 1 year is annualised.
Source: Janus Henderson Investors. Performance based on Z Acc GBP share class. Based on midday SMEP prices,
Net of fees, Gross of Income.
**Past performance is not a guide to future performance.**
**The value of the Funds and the income from them is not guaranteed and may fall as well as rise. You may get back less than you originally invested.**

| Fund Breakdown | % |
|---|---|
| **Developed market equities** | **30.8** |
| UK equities | 6.9 |
| European equities | 6.6 |
| US equities | 7.8 |
| Japanese equities | 7.1 |
| Global equities | 2.5 |
| **Emerging market equities** | **6.8** |
| **Government bonds** | **14.2** |
| **Corporate bonds** | **20.9** |
| **Emerging market debt** | **7.1** |
| **Loans** | **0.0** |
| **Private equity** | **0.0** |
| **Property** | **4.3** |
| **Other alternatives** | **10.1** |
| Absolute return funds | 5.9 |
| Commodities | 4.2 |
| **Cash** | **5.7** |

| Currency | (%) |
|---|---|
| Sterling | 66.1 |
| US Dollar | 17.1 |
| Euro | 5.8 |
| Japanese Yen | 7.8 |
| Other | 3.3 |

| Top 10 holdings | % |
|---|---|
| Physical Gold ETF | 4.2 |
| US TIPS 0-5 years ETF | 4.2 |
| S&P 500 Index ETF | 4.1 |
| Topix Index Future | 4.1 |
| Muzinich Global Short Duration IG Fund | 4.0 |
| FTSE 100 Index Future | 3.8 |
| S&P 500 Index Future | 3.6 |
| JH Horizon Total Return Bond Fund | 3.6 |
| Barings Emerging Markets Sovereign Debt Fund | 3.6 |
| UK Inflation Linked Gilts | 3.6 |




## General risks

- The value of the Funds and the income from them is not guaranteed and may fall as well as rise. You may get back less than you originally invested.
- Past performance is not a guide to future performance

- **What are the risks specific to this fund?**
- Counterparty risk: The Fund could lose money if an entity with which it interacts becomes unwilling or unable to meet its obligations to the Fund.
- Focus risk: The Fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event.
- Liquidity risk: Certain securities could become hard to value or sell at a desired time and price.
- Management risk: Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.
- The full list of the Fund's risks is contained in the "Risk Factors" section of the Fund's prospectus.