

# Janus Henderson Horizon Euroland Fund

April 2019

**Fund manager names:** Nick Sheridan

## **Performance and activity**

The fund\* underperformed the index in April.

This underperformance was largely due to our positions in Cap Gemini, Alten, Ahold, Nestle and Thales. Cap Gemini underperformed due to the announcement of its first quarter sales which showed organic growth of 5% versus a consensus of 5.2% - in revenue terms that is a €6 million miss. This resulted in a 5% one day decline in the shares which wiped €1 billion from its market cap. We had been reducing our holding ahead of the results. Alten saw profit taking/downgrades on the back of its results. The company operates in the outsourcing markets and is well supported by structural growth trends and the first quarter showed 12.5% organic sales growth. The sector/space in which the group operates looks ripe for consolidation and we are happy to retain the holding. Ahold underperformed following confirmation of the expected costs relating to strikes in the US (now concluded), which came in higher than expected at \$90-\$110 million. Although these costs are largely one-off in nature, the market was already concerned about the potential for increasing competition in the US from Amazon. We had been reducing this holding prior to this announcement. Nestle's share price fell on profit taking/downgrades following a results announcement. We are happy to retain the holding at its current level and may well add to it should the shares show further weakness. Demand for Nestle's product (renewables diesel) remains high, with supply difficult to increase quickly, which is always a good position for a company. Environmental regulation seems unlikely to do anything other than strengthen (good for Nestle) and new rules with regard to bunker fuel use should benefit the group. Meanwhile Thales reacted negatively to a first quarter results announcement (its shares fell 5% on the day) reflecting weakness at the group's Space division. This is likely to result in restructuring costs during the year. However, its management is confident that as the year progresses strong momentum in defence & security will offset this underperformance.

## **Outlook**

Results season generally leads to swings in share prices but particularly when markets have risen strongly and investors are looking to lock in profits. The characteristics of the fund remain the same, which is a price-to-earnings ratio that is lower than the benchmark, a dividend yield around that of the benchmark and a return-on-equity (ROE) higher than the benchmark. Over time, assuming we are right in the stocks we have selected, the reinvestment of organically generated cash flow should aid performance.

Source: Janus Henderson Investors, as at 30 April 2019

\* Gross of fees - gross of 5% initial sales charge. Calculated on a bid to bid basis, with gross income reinvested in EUR.

Note: Reference to any specific company or stock is for information purposes only and should not be construed as a recommendation to buy or sell the same.

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