

Janus Henderson Horizon Global Property Equities Fund

June 2019

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For professional investors only

Fund manager names: Guy Barnard & Tim Gibson

Overview

Global property equities rose in June but lagged wider equities market as risk appetite increased following a united dovish message from global central banks and with signs of progress in the US and China trade negotiations.

Industrial REITs globally had a particularly strong month after one of the world's largest real estate private equity firms Blackstone acquired GLP's US industrial portfolio for \$18.7 billion. The deal is the largest ever private real estate transaction and provided further evidence of both strong investor demand and supportive pricing for industrial assets. Conversely, US mall owners continued to underperform as retailers continue to struggle in a difficult operating environment.

Asian property stocks performed well during the month, led by Singapore where property fundamentals continue to improve. Australia REITs also turned in strong performance as the Reserve Bank of Australia cut rates by 25 basis points. European stocks declined with German residential stocks (particularly those exposed to Berlin) falling sharply following the surprise decision by the Berlin senate to impose a five year rent freeze on apartment rents.

Performance and activity

The fund outperformed its benchmark over the month.

An overweight position to industrial/logistics stocks globally drove performance with Goodman, Mapletree Logistics and Rexford the top contributors. The largest detractors were Berlin-focused landlords Deutsche Wohnen and ADO Properties.

In the US, we exited our only holding in US malls, selling out of Simon Property Group. Proceeds were recycled into shopping centre owner Site Centres. We believe the backdrop for shopping centres is more favourable than malls, with fewer department stores, more necessity as opposed to discretionary type exposure, and lower capex requirements. In Canada, we took profits in Dream Industrial and allocated proceeds to office landlord Allied Properties. Outside of the US, we exited our holding in hotel owner/operator Shangri La and added to Nippon Prologis REIT.

Outlook

Looking ahead, although capital growth has moderated, the underlying fundamentals for the listed property sector remain robust. Recent moves lower in bond yields and interest rate expectations should provide further investor demand for physical real estate, a real asset with an attractive and growing income stream. However, the spread of returns at a property level is likely to widen in the years ahead given both cyclical and structural forces, meaning it is increasingly important to be selective.

Against this backdrop, we will continue to play to our strengths, reducing macroeconomic risks and focusing on bottom-up stock selection to drive returns through a concentrated, high conviction portfolio. The focus remains on companies capable of growing income and dividends and those best placed to benefit from technological advances, which are changing consumer behaviour and altering the needs and uses for real estate. Also, as market-wide growth slows, we place greater emphasis on quality assets, balance sheets and management teams. In our experience the value of these factors always comes to the fore at this point in the cycle.

Source: Janus Henderson Investors, as at 30 June 2019

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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 local offices of Janus Henderson Investors: 201 Bishopsgate, London, EC2M 3AE for UK, Swedish and Scandinavian investors; Via Dante 14, 20121 Milan, Italy, for Italian investors and Roemer Visscherstraat 43-45, 1054 EW Amsterdam, the Netherlands. for Dutch investors; and the Fund's: Austrian Paying Agent Raiffeisen Bank International 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 CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid; Singapore: Singapore Representative Janus Henderson Investors (Singapore) Limited, 138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; or Swiss Representative BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich who are also the Swiss Paying Agent. RBC Investor Services Trust Hong Kong Limited, a subsidiary of the joint venture UK holding company RBC Investor Services Limited, 51/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, Tel: +852 2978 5656 is the Fund's Representative in Hong Kong.

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