

Janus Henderson Pan European Fund

March 2019

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For professional investors only

Fund manager names: John Bennett

Overview

The second half of March finally brought some consolidation to the rally in equity markets off the Christmas lows. In our view, it is possible that the correction will remain just that – a correction, limited in both time and extent. Investor positioning is still light, in particular in Europe which has seen the longest period of persistent investor fund outflows in over a decade. Policy remains very supportive, too. Some of the pessimism on the macroeconomic data that has now become quite consensual may need to be questioned. Since many of Europe's economic problems last year were 'made in China', upwards-inflecting Chinese credit growth and survey data should lead to improving European earnings estimates.

Performance and activity

The fund rose by 1.7% over the month compared with a rise of 2.0% in the benchmark index.

Consumer staples was the best performing sector in Europe in March and from that sector international brewer Carlsberg was the top performer at a stock level as the company announced a share buyback programme. There were also key contributions from our German holdings SAP and Merck, the latter posting a solid results in a dynamic market environment. The fund lost performance in passive safety auto supplier Autoliv as the consumer discretionary sector was one of the weaker areas of the market over the month. In the healthcare sector Bayer lagged following a US court ruling against the company in its glyphosate-based weedkiller case. We reduced our position to what, for the moment, is a "cheap" but binary situation.

In terms of activity, we introduced a holding in Swiss life science company Lonza as we increased our exposure to the healthcare sector. The company provides life science researchers with the tools to develop and test therapeutics through every stage of the process. In the information technology sector, following a meeting with management, we introduced Infineon Technologies. Often among the earliest stocks to anticipate green shoots, we believe this semiconductor stock should benefit from the structural growth from electric vehicles and advanced driver assistance systems. Following a meeting with its management we also added German chemical firm Covestro as we believe product spreads are improving and the stock trades at an attractive valuation. On the sell side we exited small positions in Imperial Brands and Legal & General and in the utilities sector we returned to our familiar zero utilities exposure position via the disposal of E.ON, where we consider the outlook to be disappointing.

Outlook

Macroeconomic data has improved in recent weeks, in particular in Europe and China. The turn-around in global money creation is still nascent, but if it were to gather strength as indicated by the dovish communications of all major central banks it would further support the 2019 recovery after the 2018 growth scare. In such an environment, we would expect equity markets to rise. European markets in particular could rally given very light investor positioning.

Source: Janus Henderson Investors, as at 31 March 2019

Janus Henderson Pan European 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.

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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 registered office in Luxembourg: 2 Rue de Bitbourg, L-1273 Luxembourg, in Germany: Janus Henderson Investors, Tower 185, Friedrich-Ebert-Anlage 35-37, 60327 Frankfurt am Main, in Austria: UniCredit Bank Austria, Schottengasse 6-8, 1010 Wien, in Spain: offices of the Spanish distributors, a list of which may be obtained at www.cnmv.es (Janus Henderson Fund is registered with the CNMV under number 259); in Belgium: Belgian Financial Service Provider CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; in Singapore: Singapore Representative: Janus Henderson Investors (Singapore) Limited, 138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; and in Switzerland from the Swiss representative: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich who are also the Swiss Paying Agent.

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