

SHINING A LIGHT ON THE.....
Janus Henderson European Selected Opportunities Fund

AT A GLANCE

Investment Objective	
The Fund aims to achieve a return through capital growth and income, that is above the average return expected from an investment in European shares. The Fund invests in shares of companies with their registered office in or which do most of their business (directly or through subsidiaries) in Europe in any industry. The Fund may also invest in money market instruments and bank deposits. The Fund may use derivatives to reduce risk or to manage the Fund more efficiently.	

Inception Date	31 August 1984
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04DJO

Management	
Manager Name	Start Date
John Bennett	1 February 2010

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	42.78%
Large	41.97%
Medium	15.25%
Small	0.00%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	49	
Assets in Top 10 Holdings	37.82%	
Name	Sector	% of Assets
LafargeHolcim Ltd	Basic Materials	7.60%
Nestle SA	Consumer Defensive	4.95%
Roche Holding AG Dividend Right Cert.	Healthcare	3.54%
SAP SE	Technology	3.50%
ASML Holding NV	Technology	3.45%
UPM-Kymmene Oyj	Basic Materials	3.26%
Autoliv Inc DR	Consumer Cyclical	3.19%
Novartis AG	Healthcare	2.97%
STMicroelectronics NV	Technology	2.68%
Carlsberg A/S B	Consumer Defensive	2.67%

Volatility Measurements	
3-Yr Std Dev (volatility)	10.50%
3-Yr Mean Return (average)	6.64%

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FUND PERFORMANCE

Performance from 1st January 2013 to 31st October 2019:

	2013	2014	2015	2016	2017	2018	2019
Janus Henderson European Selected Opportunities Fund	26.71%	2.61%	7.79%	15.19%	11.58%	-10.56%	17.91%
MSCI Europe Ex UK	24.53%	0.04%	4.07%	19.51%	16.37%	-9.95%	17.50%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since Fund Manager Inception
Janus Henderson European Selected Opportunities Fund	11.05%	19.35%	47.33%	132.31%
MSCI Europe Ex UK	11.22%	24.41%	55.03%	113.99%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

Although, since the fund manager took on the fund in 2010, it has outperformed the index, over the last five years it has underperformed. The manager spent much of the time focusing on the macro picture rather than the fund.

In terms of Europe this is an unloved sector. This is at a time where 2019 has seen the lowest allocation to equities since 2009. There is the highest recession fear for 8 years and this is the highest overweight since 2009. Outflows from Europe continue at a rapid pace.

Poor economic growth is driving this with many eyes on Germany. Germany is being impacted by the trade war and any negative sentiment drags down the whole of the market.

The fund doesn't have a style bias, but quality growth has really been the driver for the market and all this has done has stretched the gap between value and quality. The fund has shifted from sector concentration to stock concentration, with fewer holdings and increased weighting in the top ten.

It is a mix of structural winners (quality growth banner) with the likes of ASML, GRIFOLS, Adidas and Mowi, and idiosyncratic value which includes LafrageHolcim, Volvo and UPM. Value is more about good quality companies which offer upside potential. LafrageHolcim is a cement company and their largest holding. This has had a new management team. Another example is Volvo where the focus is on trucks and in particular investment in electric lorries.

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With the fund it is difficult to really understand the reasons for the underperformance and what makes this different. In concluding we would need a follow up meeting with the team to understand what is behind the underperformance and whether there is the ability to turn this around. If we are satisfied that this could happen then we would want to watch the fund. This is a fiercely competitive sector for active management and if the performance isn't there then there is no point investing unless there is a clear catalyst for change.

The source of information in this note has been provided by Janus Henderson and is correct as at November 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.