

**SHINING A LIGHT ON THE.....**  
**Janus Henderson Diversified Alternatives Fund**

**AT A GLANCE**

Investment Objective
The Fund aims to provide capital growth, over the long term. The Fund will seek to achieve its objective by investing globally in a diverse portfolio of investments which gain exposure indirectly to alternative asset classes such as private equity, infrastructure, property, commodities and hedge funds. The Fund will invest at least 80% in a combination of closed ended funds (e.g. investment trusts), investment companies, REITs, collective investment schemes (both regulated and unregulated and including those managed by Janus Henderson), exchange traded funds (ETFs), exchange traded notes (ETNs), fixed interest securities, money market instruments, deposits, cash and near cash. The Fund will limit its investment in equities (excluding closed ended funds, investment companies, REITs and ETFs) to no more than 20%.

<b>Inception Date</b>	22 <sup>nd</sup> February 2013
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000Q2PJ">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000Q2PJ</a>

Management	
<b>Manager Name</b>	<b>Start Date</b>
James de Bunsen	22 <sup>nd</sup> February 2013
Pete Webster	30 <sup>th</sup> June 2017

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2016 to 31<sup>st</sup> July 2022:

	2016	2017	2018	2019	2020	2021	2022
<b>Janus Henderson Diversified Alternatives Fund</b>	12.61%	7.39%	2.46%	9.26%	3.88%	14.57%	0.60%
<b>Morningstar UK Cau Tgt Alloc NR GBP</b>	7.49%	2.75%	-0.32%	7.41%	5.57%	-0.31%	-7.15%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
<b>Janus Henderson Diversified Alternatives Fund</b>	5.89%	23.98% (7.43% p.a.)	36.30% (6.39% p.a.)	85.64% (6.78% p.a.)
<b>Morningstar UK Cau Tgt Alloc NR GBP</b>	-7.61%	-1.80%	5.97%	28.59%

*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.*

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Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
7.95	1.01	-	145.86	25.88	75.00	1.03	8.04	Blend/Mid

Volatility Measurements	
3-Yr Std Dev (volatility)	9.20%
3-Yr Mean Return (average)	7.43%

Investment Style Details	
Giant	0.17
Large	4.01
Medium	4.50
Small	2.06
Micro	0.19

Top 5 Holdings		
BH Macro GBP Ord	-	4.11%
HICL Infrastructure PLC Ord	-	3.94%
Greencoat UK Wind	-	3.65%
BOFA MLCX Commodity Alp UCITS GB...	-	3.30%
Securis Catastrophe Bond A USD	-	3.16%

Top 5 Sectors	
Financial Services	30.92%
Real Estate	23.84%
Utilities	18.71%
Industrials	17.68%
Technology	3.92%

Top Regions	
United States	38.27%
Eurozone	34.11%
United Kingdom	23.09%
Europe ex Euro	2.36%
Australasia	2.03%

## UPDATE....

In an environment of lower returns and greater volatility, alternatives seem to be an option investors are seeking. This strategy was established in 2013 for assets from a final salary pension scheme. The target return is CPI + 3% (gross), and the fund has been able to achieve that return. The original investor remains, however they have now opened it up to other investors.

It aims to provide investors access to what are normally illiquid markets through a daily dealing fund. 70% of the fund can be liquidated in one day, and 90% within a week. It currently invests across hedge funds, renewable energy, infrastructure, private equity, property, cash, commodities, specialist credit and reinsurance.

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It accesses investments via investment trusts, funds, and ETFs. So this is a fund of funds, with around 70% in investment trusts. There are often concerns around costs and the total expensive ratio is 0.74%, which makes this relatively cheap.

The team manage this and an absolute return fund. Their remuneration looks at performance over 1 and 3 years and they are rewarded on growing the assets, although this is not something they are focused on.

We talked about whether they could achieve the target returns if inflation was 18%, and they explained that they see this as short term. In the long-term inflation is likely to be around 3 to 4% and they should be able to deliver on the stated returns. They are not going to chase returns. The greatest focus is on downside protection. They don't want to lose money and therefore need to get the balance right between risk and return.

The investment process looks at the strategic asset allocation which effectively is the theory of the best risk and return expectations, then the dynamic asset allocation considers changing macro environments, and then there is the idea generation and fund selection. The dynamic asset allocation is really important because we don't always know what is going to happen so the flexibility needs to be there to adjust to the changing environment.

They are happy to provide how the asset allocation has evolved overtime and this really reflects how they move across assets to deliver on the returns.

In terms of making changes, they won't rush. We talked about the war in the Ukraine, and they have added commodities, but this was not until March when they could see the direction of travel.

This strategy does have correlation with markets so it will go down as well as up. 2020 was difficult because there wasn't something similar in the past. 2022 is different because there is a "playbook" that they can look at.

Looking across the top ten there is a mix of hedge funds, commodities, fixed interest, reinsurance, infrasture and renewable energy. This reflects the three key themes of the strategy:

Inflation (infrastructure, renewable energy, property, and commodities) – 50%

Diversifiers (hedge funds, reinsurance, and commodities) – 31%

Energy transition (renewable energy and energy efficiency) – 19%

In summary, this is an alternative for investors which provides access to different markets. It has a long-term track record and delivers on its stated aims. We would add this into the mix of research when we next review the portfolios. There are a number of alternative strategies and care will need to be taken around this and whether this would work.

*The source of information in this note has been provided by Henderson and is correct as of August 2022. 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 decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.*