

Janus Henderson Diversified Alternatives Fund – August 2023

LWM FUND SPOTLIGHT JANUS HENDERSON DIVERSIFIED ALTERNATIVES FUND

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%.

INCEPTION DATE	22 nd February 2013
FUND FACTSHEET	https://www.trustnet.com/factsheets/O/iOhh/janus-henderson-diversified-alternatives/

MANAGEMENT

Manager Name	Start Date
James de Bunsen	22 nd February 2013
Pete Webster	30 th June 2017

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
2.73	0.70	-9.87	6.90	-5.64	64	88	5.98

OTHER DATA

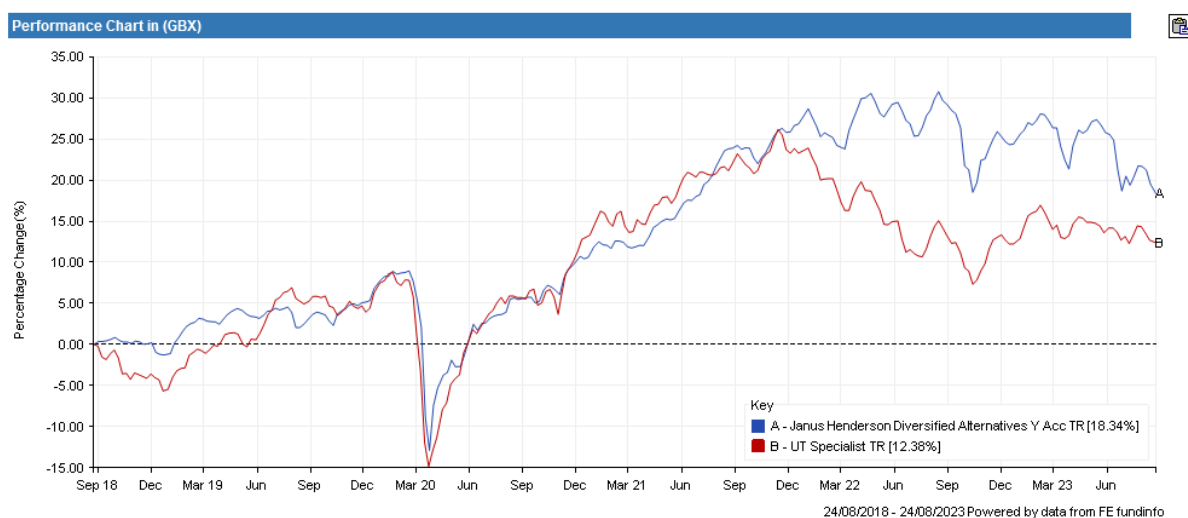
Benchmark	CPI + 3%
Fund Size	£177 million
Fees	0.50%

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BULL POINTS (PRO)	BEAR POINTS (CONS)
<ul style="list-style-type: none"> Actively managed multi asset strategy Stable and well-respected team Offers an alternative source of returns within portfolios Ability to adapt to change quickly 	<ul style="list-style-type: none"> Large investor

FUND PERFORMANCE

Performance from 27th February 2013 – 31st July 2023



Cumulative Performance (GBX)

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	-6.29%	-6.40%	-8.22%	12.16%	18.34%
Sector	-1.46%	-1.62%	-1.24%	5.92%	12.38%
Relative to Sector	-4.91%	-4.86%	-7.07%	5.89%	5.31%
Rank in Sector	56 / 64	56 / 64	50 / 63	20 / 62	18 / 59
Fund Quartile	4	4	4	2	2

Performance by Calendar Year in (GBX)

	YTD	2022	2021	2020	2019
Fund	-5.20%	-2.72%	14.57%	3.88%	9.26%
Sector	0.06%	-9.45%	8.88%	6.31%	13.53%
Relative to Sector	-5.25%	7.44%	5.22%	-2.29%	-3.76%
Rank in Sector	52 / 64	16 / 63	12 / 63	32 / 61	38 / 60
Fund Quartile	4	1	1	3	3

Discrete Annual Performance to Last Quarter End (GBX)

	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	-4.32%	6.56%	14.94%	-1.27%	6.19%
Sector	1.98%	-8.04%	16.90%	-1.19%	4.93%
Relative to Sector	-6.19%	15.87%	-1.68%	-0.09%	1.20%
Rank in Sector	53 / 63	3 / 62	26 / 62	29 / 60	20 / 59
Fund Quartile	4	1	2	2	2

Fund Price Movement (GBX)

12 Month High	188.20 (Pence)	12 Month Low	167.60 (Pence)
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Annualised Ratios Over 36 Months

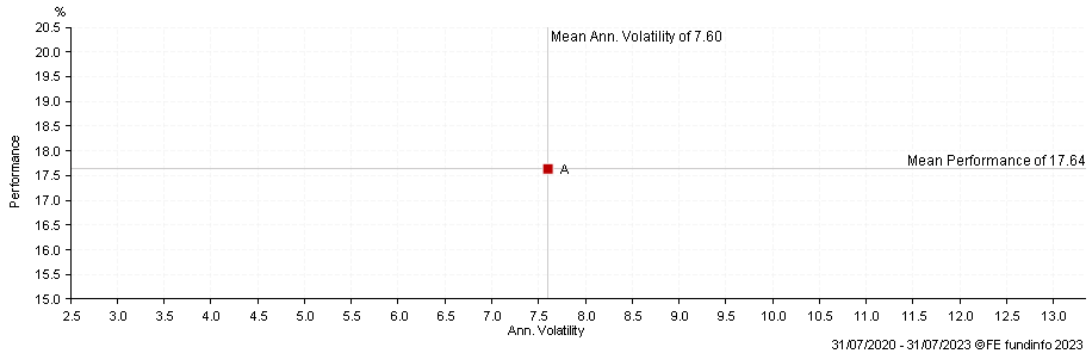
	Alpha	Beta	Sharpe	r ²	Volatility
Fund	3.32	0.72	0.27	0.58	7.60
Fund Quartile	2	3	2	2	2

Please 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.

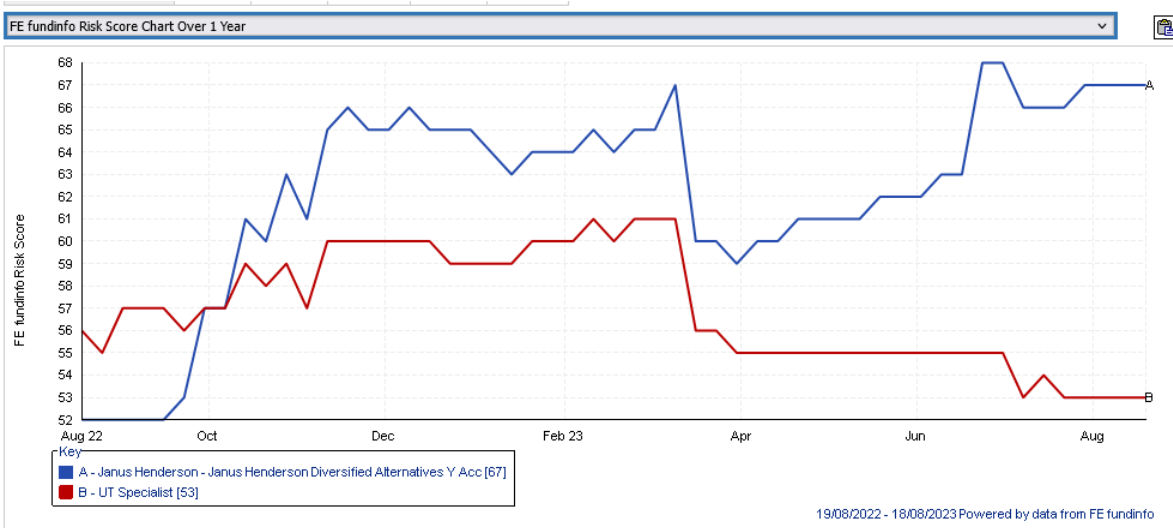
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VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



Key	Name	Performance	Annualised Volatility
A	Janus Henderson - Diversified Alternatives Y Acc in GB	17.64	7.60



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Holdings

Current Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	% Assets in Top 10 Holdings	Reported Turnover %
31 Jul 2023	5	0	43	37	—

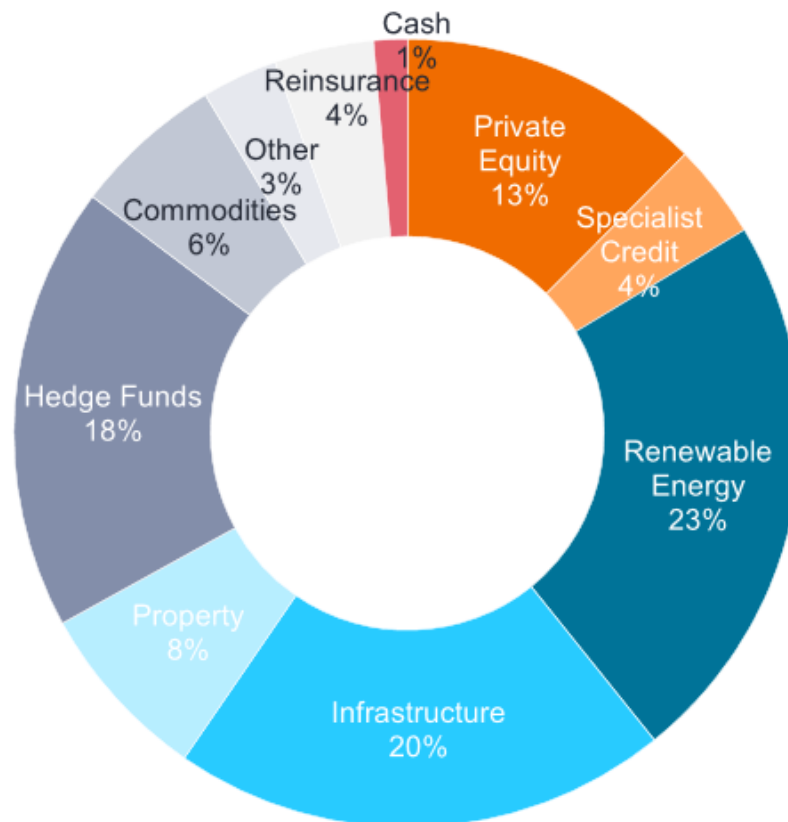
Holdings	% Portfolio Weight	Market Value	Prospectus Net Expense Ratio	1-Yr
BH Macro GBP Ord	4.83	7,387,786	0.00	
Securis Catastrophe Bond A USD	4.20	6,420,051	—	
BOFA MLCX Commodity Alp UCITS GBP B5 Acc	3.90	5,972,314	—	
Brevan Howard Abs Rt Govt Bd A1 GBP Acc	3.77	5,762,484	—	
MontLake Crabel Gemini UCITS GBP FdrAPI	3.66	5,595,815	—	
3i Infrastructure Ord	3.51	5,371,925	—	
International Public Partnerships Ord	3.50	5,357,158	0.00	
Greencoat UK Wind	3.39	5,184,555	—	
Renewables Infrastructure Grp	3.28	5,016,707	—	
HICL Infrastructure PLC Ord	3.27	4,999,164	—	

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LWM FUND ANALYSIS

We see this as a strategy which can be included in a portfolio to provide an alternative source of returns. The strategy was established for a large pension scheme with the aim to deliver a return of CPI plus 3% with lower levels of volatility. It has delivered 5.8% p.a. since launch with volatility of 6.3%. It does this by investing across alternative investment classes as can be seen below.

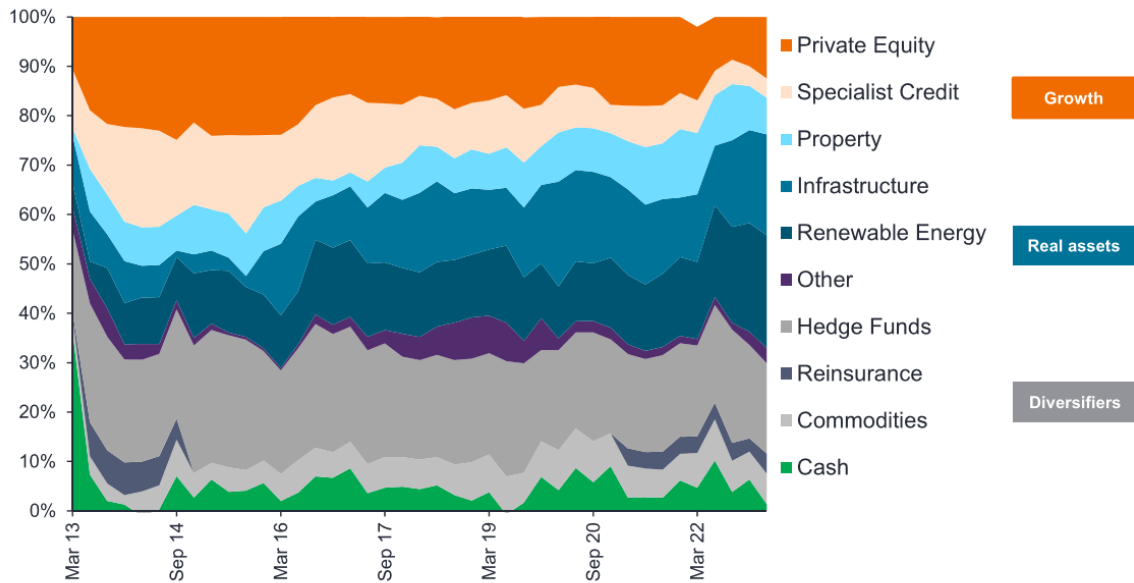
Asset Allocation as at 31 March 2022



This is dynamic so the allocation will reflect the team's views as to the best sources of returns at any given point in time.

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Dynamically managed, using liquid assets and strategies



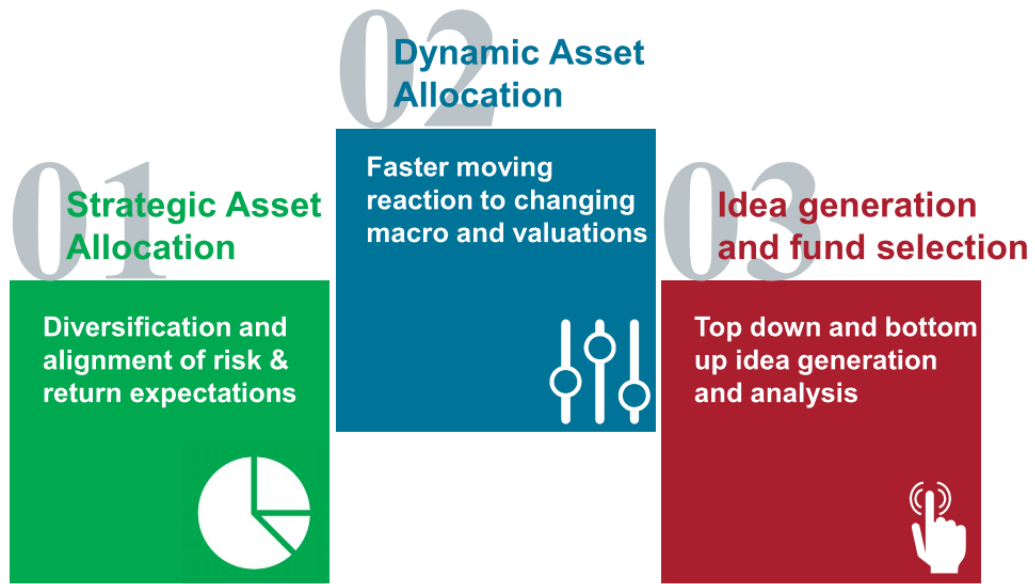
Source: Janus Henderson UK Multi-Asset team, as at 31 March 2023.
 Note: Allocations are subject to change without notice.
 Past performance does not predict future returns.

We see this as a strategic alternatives fund, where the manager selects the investment and the asset.

Investment Category	Characteristics and Benefits	Investment Type		
		Listed	Collective	
Private Equity	<ul style="list-style-type: none"> Access to early-stage, high-growth companies & buy-outs Has historically outperformed listed markets over the long-term 	✓		<div style="text-align: center;">Cyclical</div> <div style="font-size: 2em; margin: 10px 0;">↓</div> <div style="text-align: center;">Defensive</div>
Specialist Credit	<ul style="list-style-type: none"> Physically backed and/or senior in the capital structure Structured or asset-backed credit, often floating-rate coupon payments 	✓	✓	
Property	<ul style="list-style-type: none"> Liquid, low cost alternatives (REITS) to investing in physical real estate Focus away from UK prime commercial property markets 	✓		
Infrastructure	<ul style="list-style-type: none"> Focus on assets that are critical to functioning of modern economies Revenues often government-backed and inflation-linked 	✓	✓	
Renewable Energy	<ul style="list-style-type: none"> Long-term, often inflation-linked revenues Focus on operational wind & solar assets 	✓		
Other	<ul style="list-style-type: none"> Reinsurance, royalties, asset leasing, farmland, timber etc 	✓	✓	
Hedge Funds	<ul style="list-style-type: none"> Access to a diversified pool of less correlated strategies Potential to protect capital during volatile periods 	✓	✓	
Commodities	<ul style="list-style-type: none"> Specialist risk premia strategies and precious metals Potential for uncorrelated returns 	✓	✓	

The investment process is a mix of strategic asset allocation, dynamic asset allocation and idea generation and fund selection.

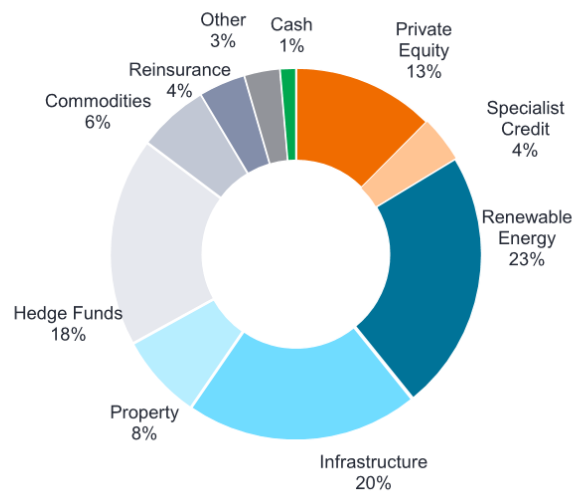
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Below provides an idea of the current positioning of the strategy.

Top 10 holdings

Holding (%)	Asset Class	Weight
BH Macro	Hedge Fund	4.7
Securis Catastrophe Bond Fund	Reinsurance	4.1
Merrill Lynch Commodity Alpha Fund	Commodities	3.6
International Public Partnerships	Infrastructure	3.5
Renewables Infrastructure Group	Renewables	3.4
Foresight Solar	Renewables	3.4
3i Group	Private Equity	3.4
HICL Infrastructure	Infrastructure	3.4
Brevan Howard Abs Ret Govt Bond Fund	Hedge Fund	3.3
3i Infrastructure	Infrastructure	3.2
Total		35.9






The fund has delivered on its target since launch although it has struggled within the higher inflation period. Volatility is low which reflects the cautious approach.

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Returns % (ann. where >1yr)	YTD	1 Year	3 Years	5 Years	Since Inception
Diversified Alternatives Fund	-1.7	-4.8	9.5	5.3	5.8
Target: UK CPI + 3% pa				7.2	5.8
Excess Return over Target				-1.9	0.0

%	Annual Volatility Since Inception	Sharpe Ratio Since Inception
Diversified Alternatives Fund	6.3	0.8

In July the sectors such as property, infrastructure and renewables bounced back. Private equity benefited from the rally in general equities. Specialist credit was negative for the funds. The managers slightly reduced the exposure to private equity. They see opportunities within UK listed investment trusts. The table below is a summary of their current outlook.

Asset Class	Key Macro / Sector Risks	Key View(s)	Outlook
Private Equity	<ul style="list-style-type: none"> Equity beta is high in downturns Stale valuations High leverage 	<ul style="list-style-type: none"> General scepticism about private market valuations Earnings remain stronger than public markets Valuations look attractive, but volatility a persistent risk 	
Hedge Funds	<ul style="list-style-type: none"> Few genuinely uncorrelated strategies Crowding in popular trades 	<ul style="list-style-type: none"> Volatility creates opportunities for unconstrained managers Bias towards uncorrelated and 'long volatility' strategies 	
Infrastructure	<ul style="list-style-type: none"> Increasing real interest rates Mission creep has seen greater exposure to more cyclical areas 	<ul style="list-style-type: none"> Discount rates have adjusted higher Low cyclicality of earnings appealing in uncertain backdrop Inflation linkage, secure dividends 	
Renewable Energy	<ul style="list-style-type: none"> Higher discount rates Falling power prices following mild winter weather 	<ul style="list-style-type: none"> Government-guaranteed, inflation-linked revenue component European conflict accelerates the growth trajectory Valuations still attractive post-benign price cap newsflow 	
Property	<ul style="list-style-type: none"> Yield decompression/falling valuations Higher debt costs 	<ul style="list-style-type: none"> Target funds with clearly defined reasons for sustained demand, conservative leverage and stable cash flow Large yield shifts largely priced in but valuations still declining 	
Specialist Credit	<ul style="list-style-type: none"> Corporate earnings downgraded Spread widening Rising default rates 	<ul style="list-style-type: none"> Spreads not yet showing much stress Alts universe not offering much diversified return potential currently Physically-backed exposure and/or senior in profile 	
Commodities	<ul style="list-style-type: none"> Global slowdown Strong USD 	<ul style="list-style-type: none"> Good inflation linkage across sector but growth slowdown expected – although China is wildcard Supply issues and lack of investment acute in areas 	

Source: Janus Henderson Investors, as at 31 March 2023.

Legend:  Negative outlook,  Positive outlook,  Neutral outlook.

Note: The above are teams views and should not be construed as advice and may not reflect other opinions in the organisation.

In summary, this was established for a large pension scheme and therefore there is an element of caution within the way this is managed. It has ultimately delivered on its aims since launch although has struggled in an environment with higher inflation. For investors this is a diversified source of returns which may act well in a blend of assets. We do see this as a strategic diversified asset fund. Effectively in holding this, investors don't need to make a call on their allocation to property, infrastructure etc.

We would also add that it is transparent and doesn't have complexity built in which makes it easier for investors to see where their money is invested.

The source of information in this note has been provided by Henderson and is correct as of August 2023. 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.

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