

**SHINING A LIGHT ON THE.....
Janus Henderson UK Property PAIF Fund**

AT A GLANCE

Investment Objective	
The Fund will be a Property Authorised Investment Fund for tax purposes at all times. It aims to achieve a high income together with some growth of both income & capital through investment primarily in commercial property and property related assets. Other investments may include money market instruments, derivatives and forward foreign exchange contracts.	

Inception Date	29 th August 2014 (new style fund, performance record is longer)
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000U608

Management	
Manager Name	Start Date
Ainslie McLennan & Marcus Langlands-Pearse	29 th August 2014

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	0.00%
Large	0.00%
Medium	96.23%
Small	3.77%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	85	
Assets in Top 10 Holdings	16.31%	
Name	Sector	% of Assets
169 Union Street	-	2.91%
K&N Distribution Derby	-	2.11%
Data Centre Romford	-	2.05%
2-14 Bunhill Row	-	1.52%
Stockley Park	-	1.46%
Rd Park Wincanton Grp	-	1.33%
Asda Luton	-	1.31%
Eddie Stobart Logistics Manor Park	-	1.26%
Hammerson PLC	-	1.19%
Bmi Hospital Poole	-	1.17%

Volatility Measurements	
3-Yr Std Dev (volatility)	7.13%
3-Yr Mean Return (average)	5.11%

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FUND PERFORMANCE

Performance from 1st January 2013 to 30th April 2018:

	2013	2014	2015	2016	2017	2018
Janus Henderson UK Property PAIF Fund	7.49%	12.72%	9.20%	-4.26%	8.74%	6.77%
iShares Developed Markets Property Yield	-1.50%	28.68%	2.80%	26.51%	1.37%	-4.88%

Performance over 12 months, 3 years, 5 years and 10 years

	1 year	3 years	5 years	10 years
Janus Henderson UK Property PAIF Fund	13.37%	17.86%	46.12%	46.62%
iShares Developed Markets Property Yield	-2.59%	22.81%	36.10%	103.61%

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....

This is a traditional bricks and mortar property fund. These tend to be less volatile than the index fund we use. The index fund invests in shares of property companies and therefore is more susceptible to stock market volatility. The trade-off is over the long term the index tends to perform better. Most people select these types of funds because volatility is low and returns steady. We have seen twice in 2008 and 2016 these funds close due to liquidity issues and investors need to be aware of this risk when investing.

Where this seems to differ from other property funds is two-fold. Firstly, they like alternative investments; this includes care homes, hospitals etc and these work alongside core investments like industrial warehouses or office. Secondly the managers have a sustainability slant for their properties.

So as an example, one holding they have in Cambridge is looking to develop a care village and this would then be a holding within the fund. Another example on the sustainability side is Bermondsey Square where they used monitoring of equipment to achieve energy savings of 25%.

The sustainability is clearly an important part of the investment thesis as they feel it is not only good for the tenant but also for them. People are looking for greener more efficient premises and this is what they want to achieve.

In terms of risk, they are not worried about interest rates as these will likely be small and slow. Inflation benefits the fund with a third of the tenancy agreements having inflation increases. They do have exposure to properties held by Asda and Sainsburys and they are currently assessing this to identify any potential risks due to the proposed merger.

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In summary, this is a plain boring bricks and mortar property fund. It has delivered steady returns and can act as volatility dampener for investors. The angle for the managers is on sustainability to increase value and yields. The risk remains on liquidity at times of market stress but currently the fund has around 19% in cash and other liquid assets, so this isn't a worry at the moment.

The source of information in this note has been provided by Janus Henderson and is correct as at April 2018. 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.