

**SHINING A LIGHT ON THE.....
Janus Henderson UK Alpha Fund**

AT A GLANCE

Investment Objective	
To seek capital growth through a relatively concentrated portfolio principally, investing in the securities of UK companies.	

Inception Date	9 th November 2001
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F0GBR06NY5

Management	
Manager Name	Start Date
Indriatti van Hien	31 st December 2016
Neil Hermon	14 th April 2009

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	21.09%
Large	9.55%
Medium	31.66%
Small	36.18%
Micro	1.51%

Top 10 Holdings		
Total number of holdings	59	
Assets in Top 10 Holdings	36.79%	
Name	Sector	% of Assets
Royal Dutch Shell	Energy	7.76%
NMC Health	Healthcare	5.05%
John Laing Group PLC	Industrials	4.23%
Prudential PLC	Financial Services	3.17%
HSBC Holdings PLC	Financial Services	3.09%
Melrose Industrials PLC	Industrials	3.01%
Intermediate Capital Group PLC	Financial Services	2.84%
Cineworld Group PLC	Consumer Cyclical	2.70%
Glencore PLC	Basic Materials	2.49%
Bellway PLC	Consumer Cyclical	2.44%

Volatility Measurements	
3-Yr Std Dev (volatility)	11.15%
3-Yr Mean Return (average)	11.35%

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FUND PERFORMANCE

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

	2013	2014	2015	2016	2017	2018
Janus Henderson UK Alpha Fund	22.13%	3.56%	11.47%	10.63%	22.20%	0.12%
Lyxor FTSE All Share	20.16%	0.93%	1.08%	15.44%	11.64%	0.30%

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

	1 year	3 years	5 years	10 years
Janus Henderson UK Alpha Fund	12.05%	35.92%	85.84%	66.92%
Lyxor FTSE All Share	7.66%	21.31%	43.25%	83.73%

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....

For fund managers, managing UK funds is very competitive. Ultimately every manager will say they are different but it comes down to the performance. This is not a bad fund and has shown that it can and does outperform the index. Over 1 year it was 35 out of 250 funds, over 3 years 32nd, and over 5 years 16th. There are better funds but performance shifts and they can quickly move to the top or bottom. What this fund seems to offer is consistency and this may appeal to potential investors.

We started the discussion by looking at the UK. The manager explained that the UK is an interesting area for investment. It is the most hated asset class and there are good reasons for this. The economy is growing slower than countries like Italy, consumers feel under pressure and then we are faced with the uncertainty of BREXIT. There are concerns about the political state of the UK as well, with the fear of a Corbyn government placing a dark cloud over the country.

But the managers argue that this is misleading when it comes to investing in UK companies. The UK is a trusted global brand, it is an easy place to do business and it has a strong rule of law. It is also cheap with around a 45% discount to the US. Consumer sentiment is improving with wage increases including the public sector, and corporate sector sentiment is improving. In terms of an election, they don't feel this will happen and the probability of a Corbyn led Government is actually very low.

In terms of investing the managers explained that we shouldn't forget how cheap the UK is compared to the rest of the world. For example, Imperial Brands is at about a 12% discount to Philip Morris and yet the businesses are similar. The UK market is international. Only 25% of revenues of the FTSE 100 companies come from the UK. This is 47% in the FTSE 250.

Within this they believe there are great companies to invest in which will grow whether BREXIT is hard or soft, and whether Corbyn comes in or not. Some examples of holdings include:

1. Playtech, who supply Paddy Power and are growing at 40% p.a.

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2. NMC Health, which is a Middle East Health Provider growing at 20% p.a. The share price has increased by 700% since investing four years ago
3. Burford Capital, which lends money to law firms for litigation. The company turns away 90% of cases, and 80% of cases are settled before they go to court. So, the risks to the business are minimal and they are growing by 20% p.a.
4. DFS has 25% market share in a very difficult market. As others are struggling or going under, they are continuing to advertise and pick-up where others have left the market. They expect this to re-rate

I guess there is nothing that makes this different to anything out there, but it does offer a consistent performance. The manager also stressed that the strategy on the fund changed on 31 January 2013 and therefore comparisons should be from this date.

In summary, this is a well-managed fund, investing in global businesses which shouldn't be impacted by what happens in the UK. In terms of performance it has outperformed the benchmark and is in the top 40 of its class. Potential investors should compare to other funds before deciding whether this is the fund for them.

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