MOVENTUM

Mitteilung an alle Anteilseigner Janus Henderson Anteile:

Anbei finden Sie die Information der Gesellschaft, folgende Wertpapiere ist betroffen:

GB0007493033 Janus Henderson UK Equity Income + Growth - A GBP DIS

Details können Sie der beigefügten Anlage entnehmen.

Janus Henderson
INVESTORS

18DEC'20 8:05 EXP-HOW

Banque De Luxembourg
14 BOULEVARD ROYAL
L-2449
LUXEMBOURG

7161/172/008916

11 December 2020

Dear Investor,

Janus Henderson UK Equity Income & Growth Fund

I am writing to you as 2020 draws to a close reflecting on what has been a challenging year for investors in the Janus Henderson UK Equity Income & Growth Fund ('the Fund') and other equity income funds and seeking to explain why I believe 2021 has the ingredients for an improved outcome for investors. I have been co-managing the Fund alongside James Henderson since November 2014. In September of this year I assumed the lead manager role with James as co-manager.

I should first like to acknowledge the decline in income distribution and underperformance of the Fund. This has been very disappointing both for me and James and we are appreciative of the patience you have shown.

The Fund has always been managed with a higher weighting towards small and medium-sized companies. This has typically meant it is more sensitive to conditions in the UK economy when compared with other funds in the UK equity income sector that often hold larger, more international, companies. For many years this worked well as the domestic economy recovered and grew in the years following the 2007-9 Global Financial Crisis.[1] Since mid-2018, however, this style bias has weighed on the Fund as concerns around Brexit negotiations gave way to a general economic slowdown in 2019 and then the coronavirus pandemic.[2]

The effect on income distribution payments

The coronavirus pandemic and the lockdowns that sought to contain it led to severe falls in earnings at many companies. Dividends were one of the first things to be sacrificed as companies sought to substantially reduce outgoings. As a result, equity income stocks were among the worst hit during the sell-off in spring. The abrupt sell-off meant it was not always possible or desirable to alter the shape of the portfolio. We took the view that rebalancing materially towards very defensive stocks (those with typically more stable earnings such as utilities), risked missing out on an expected recovery should economic prospects improve or better news on tackling COVID-19, such as a successful vaccine, arrive. In our view, the valuations of many companies within the Fund were at depressed levels and there was a strong likelihood of dividends being resumed when a better economic environment returned. We based this judgement on our analysis of companies, research from investment banks and brokers and direct conversations with companies in the portfolio.

The hit to income in 2020 was substantial, however, with the March 2020 distribution around 70% less than the March 2019 distribution. Subsequent falls have been less severe as companies adapted to the new environment, lockdowns were lifted or were less severe and companies gained more visibility on earnings. The June 2020 distribution was down around 55% on a year earlier and the September 2020 distribution down around 30%. The improving trajectory is welcome but we recognise that even a 30% fall is substantial and painful for investors who rely on this income.

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From headwind to tailwind
In our view, the positive news on vaccines should catalyse the economic recovery. Equity markets have already begun to respond with share prices rising throughout November as three vaccines exhibited high levels of efficacy in clinical trials. The Fund responded positively — its bias towards medium sized and domestic companies, which had been a drag on performance in the spring sell off, now created a tailwind. In November the Fund rose 20.6%, compared with a rise of 12.7% in the FTSE All Share Index and a rise of 15.7% in the IA UK Equity Income Sector. At the time of writing (8 December), the Fund is down 15.2% from the start of the year (FTSE All Share Index -9.4%, IA UK Equity Income Sector -12.1%), having made up considerable ground from the 40.2% loss at the low point in March 2020.

We do not underestimate the difficulties that many people and businesses have faced and are facing because of COVID-19. Alongside the tragic deaths we recognise the business failures and jobs that the virus and attempts to defeat it have claimed.

We do feel, however, that the vaccine offers grounds for optimism. If the vaccination programme is rolled out successfully, it is possible that by summer of 2021 most vulnerable groups will have been vaccinated and with winter behind us, the economy should be able to move into a phase closer to normality albeit with some ongoing health and safety precautions. We believe there is significant pent-up demand in the economy as shown by the bounce-back in the economy in the third quarter of 2020 when shops, hospitality and shuttered businesses were allowed to reopen.

In recent months there have been encouraging signs for dividends, with many companies that had previously suspended their dividends in spring returning to paying. This included companies currently held in the Fund such as defence group BAE Systems, insurer Direct Line and the engineer IMI. Looking into 2021, UK dividends are expected to recover from 2020 levels but we are unlikely to see a full return to 2019 levels, as some of the companies that have been among the top dividend payers in the UK, such as oil majors Royal Dutch Shell and BP, which we hold in the portfolio, have permanently reset dividends at a lower level.

Near term uncertainty
There remain some near-term uncertainties. Banks are currently prevented from paying dividends by the bank regulator. At the time of writing the regulator has yet to finalise a decision on allowing banks to resume dividend payments. Brexit is also an unknown quantity since any failure to agree a trade deal and see it ratified with the European Union could lead to disruption. Positive outcomes on either of these uncertainties we believe would be beneficial to the Fund in 2021.

I do hope this letter has helped to provide a better understanding of the performance of the Fund and the income it generates. While we cannot make any promises about the future, we do believe that the Fund is positioned to benefit from an economic recovery in the UK and that the capital value and income distributions from the Fund ought to respond accordingly. Please note that nothing in this letter should be construed as advice or an investment recommendation.

If you wish to speak to us about any of your investments in Janus Henderson funds, please contact your financial adviser or call our Client Services Team on 0800 832 832 (or +44 1268 443 914 if you are calling from overseas) between 9am and 5.30pm Monday to Friday.

Finally, I should like to take this opportunity to thank you for investing with us and I trust that you and your loved ones remain safe.

Yours faithfully,

Laura Foll

Laura Foll
Portfolio Manager
Janus Henderson Investors

We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

Janus Henderson UK Equity Income & Growth Fund

Performance history

[1]The Janus Henderson UK Equity Income & Growth Fund rose 293.9% between 1 April 2009 and 30 June 2018, outperforming the 194.5% rise in the FTSE All-Share Index and the 197.2% rise in the IA Equity Income sector. Returns are based on the A Inc share class for the Fund, and are net of fees, gross income reinvested, in GBP. Source: Morningstar.

[2]The Janus Henderson UK Equity Income & Growth Fund fell 19.4% between 1 July 2018 and 8 December 2020, underperforming the 3.9% fall in the FTSE All-Share Index and the 7.2% fall in the IA Equity Income sector. Returns are based on the A Inc share class for the Fund, and are net of fees, gross income reinvested, in GBP. Source: Morningstar.

Discrete annual returns %	Fund	FTSE All-Share	IA Equity Income
30 Sep 2019 to 30 Sep 2020	-24.6	-16.6	-17.4
30 Sep 2018 to 30 Sep 2019	-7.2	2.7	-0.1
30 Sep 2017 to 30 Sep 2018	-0.3	5.9	3.5
30 Sep 2016 to 30 Sep 2017	9.2	11.9	10.8
30 Sep 2015 to 30 Sep 2016	7.7	16.8	11.3

Source Morningstar. Returns are based on the A Inc share class for the Fund, and are net of fees, gross income reinvested, in GBP.

Past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

Fund information
Investment objective:
The Fund aims to provide a dividend income, with prospects for both income and capital growth over the long term (5 years or more).
The Fund invests at least 80% of its assets in shares (also known as equities) of companies, in any industry, in the UK. Companies will be incorporated, headquartered, or deriving significant revenue from, the UK. The Fund will typically have a bias towards small and medium sized companies.

Index: FTSE All-Share Index
Index usage: Comparator
The FTSE All-Share Index is a measure of the combined performance of a large number of the companies listed on the London Stock Exchange and includes large, medium and smaller companies. It provides a useful comparison against which the Fund's performance can be assessed over time.

Peer group benchmark: IA UK Equity Income
Peer group benchmark usage: Comparator
The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The Fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.