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Janus Henderson Global Equity Market Neutral Fund

October 2018

Steve Johnstone
Fund Manager



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Why Equity Market Neutral?

An attractive diversifier

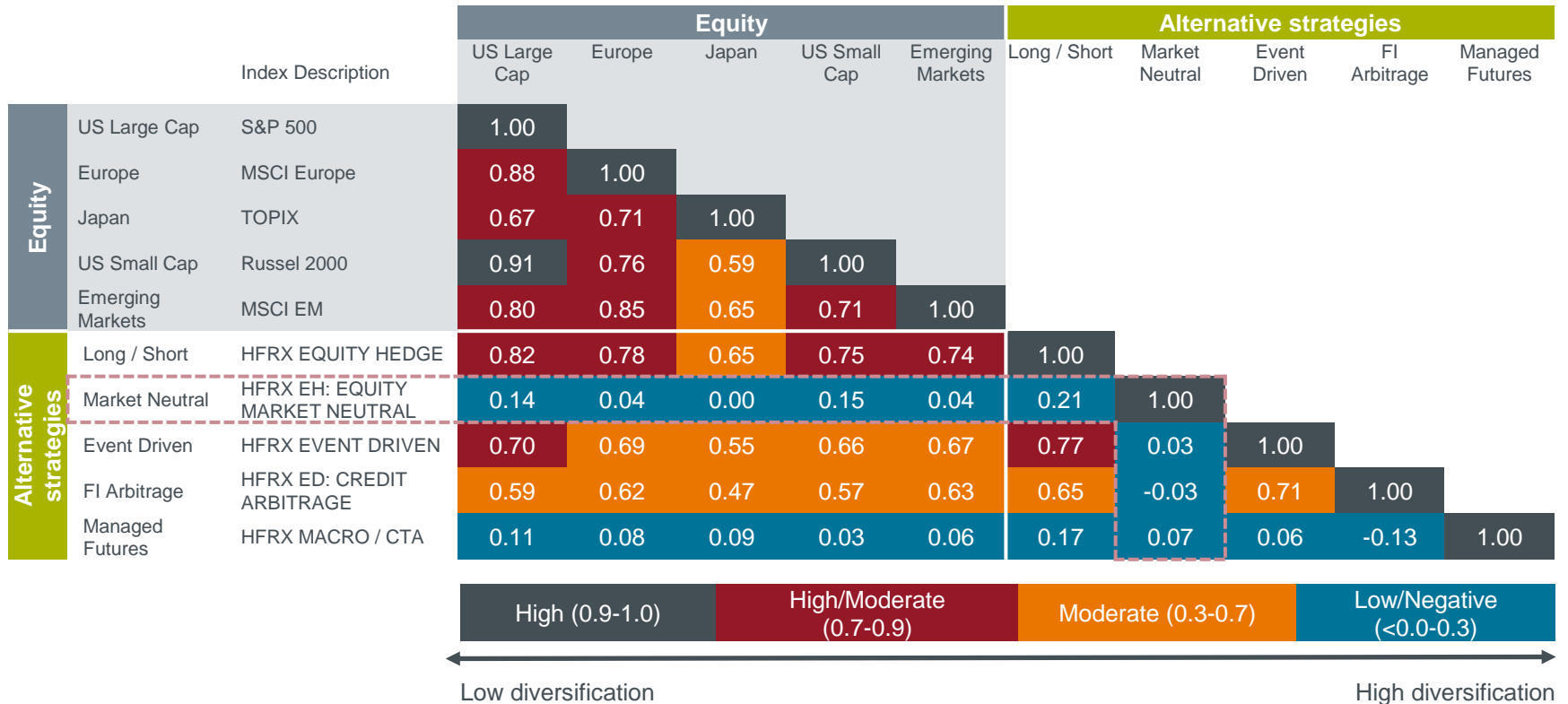
- Equity markets in late stage of a bull cycle
- Historically low volatility, with low correlation to equities
- Potential drawdown protection in turbulent markets
- Absolute return potential in all market conditions

Note: Absolute returns are not guaranteed

Low correlation...

...to both equities and other alternatives

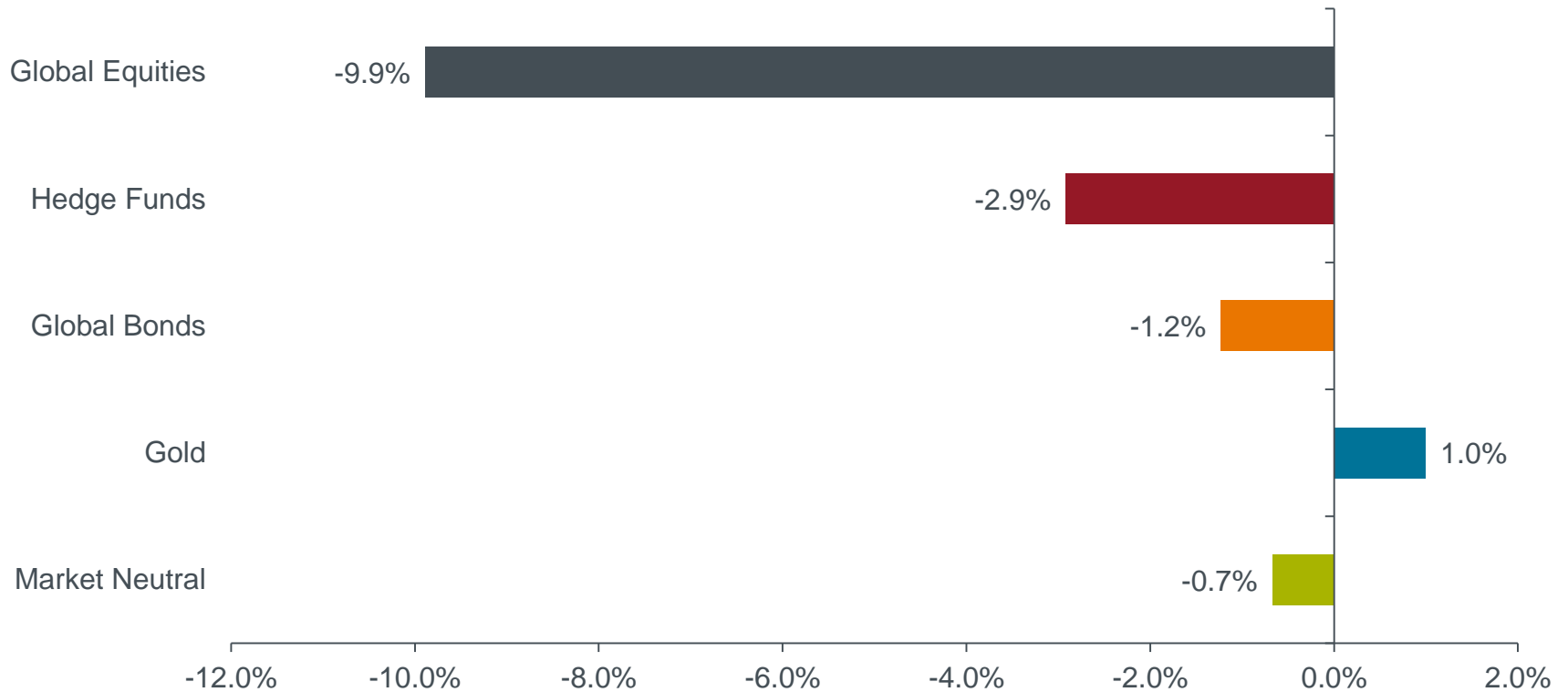
Correlation matrix



Source: Janus Henderson Investors. Period of analysis from 1 October 2007 to 30 September 2018 in USD. Past correlations are no guarantee of future correlations. It is not possible to invest directly in an index. Past performance is not a guide to future returns.

Drawdown protection

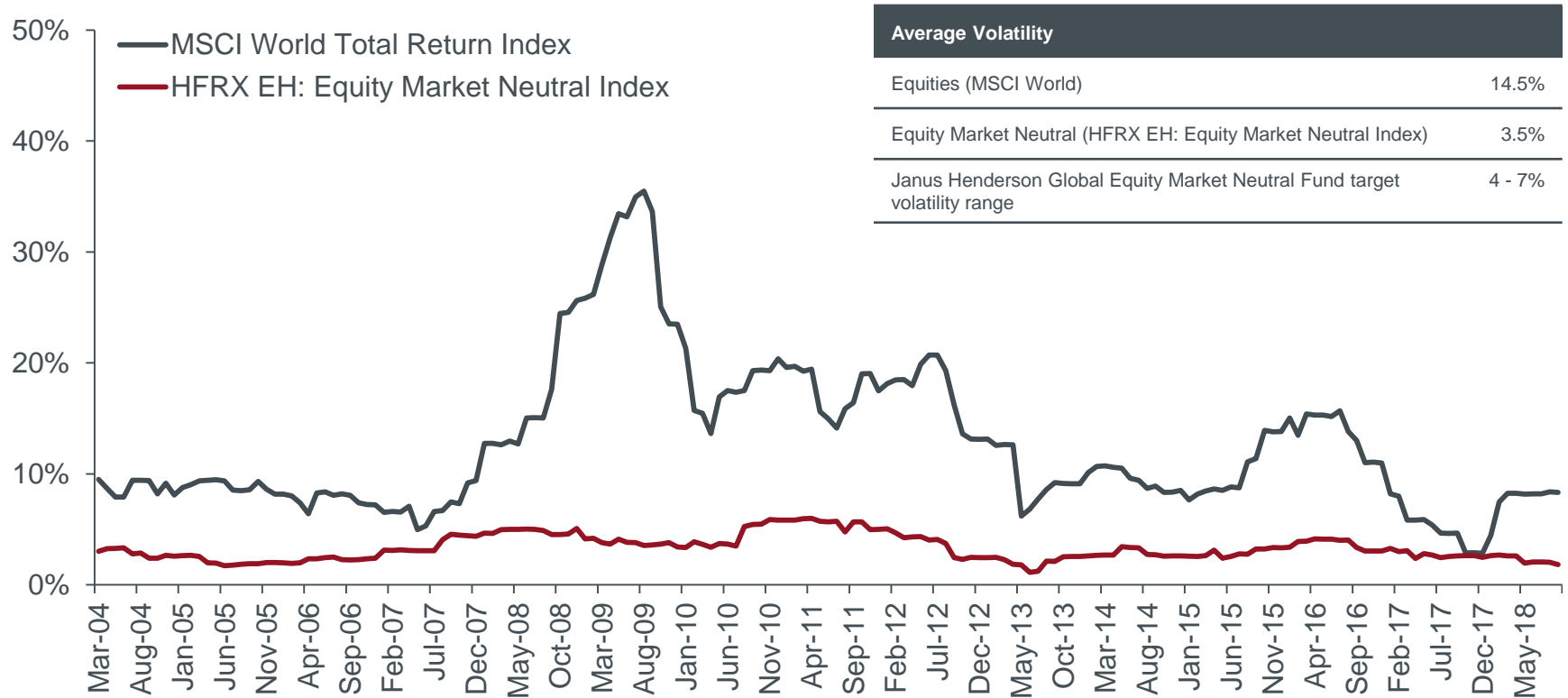
Worst 10 months for global equities – average asset class performance



Source: Thomson Reuters DataStream. Period of analysis from 31 January 2008 to 30 September 2018 in USD. Global Equities = MSCI World Total Return Index, Hedge Funds = HFRX Global Hedge Fund Total Return Index, Global Bonds = Bloomberg Barclays Global Aggregate Total Return Index, Gold = Gold Bullion LBM US\$/Troy Ounce, Market Neutral = HFRX EH Equity Market Neutral Total Return Index. Past performance is not a guide to future returns.

Low volatility

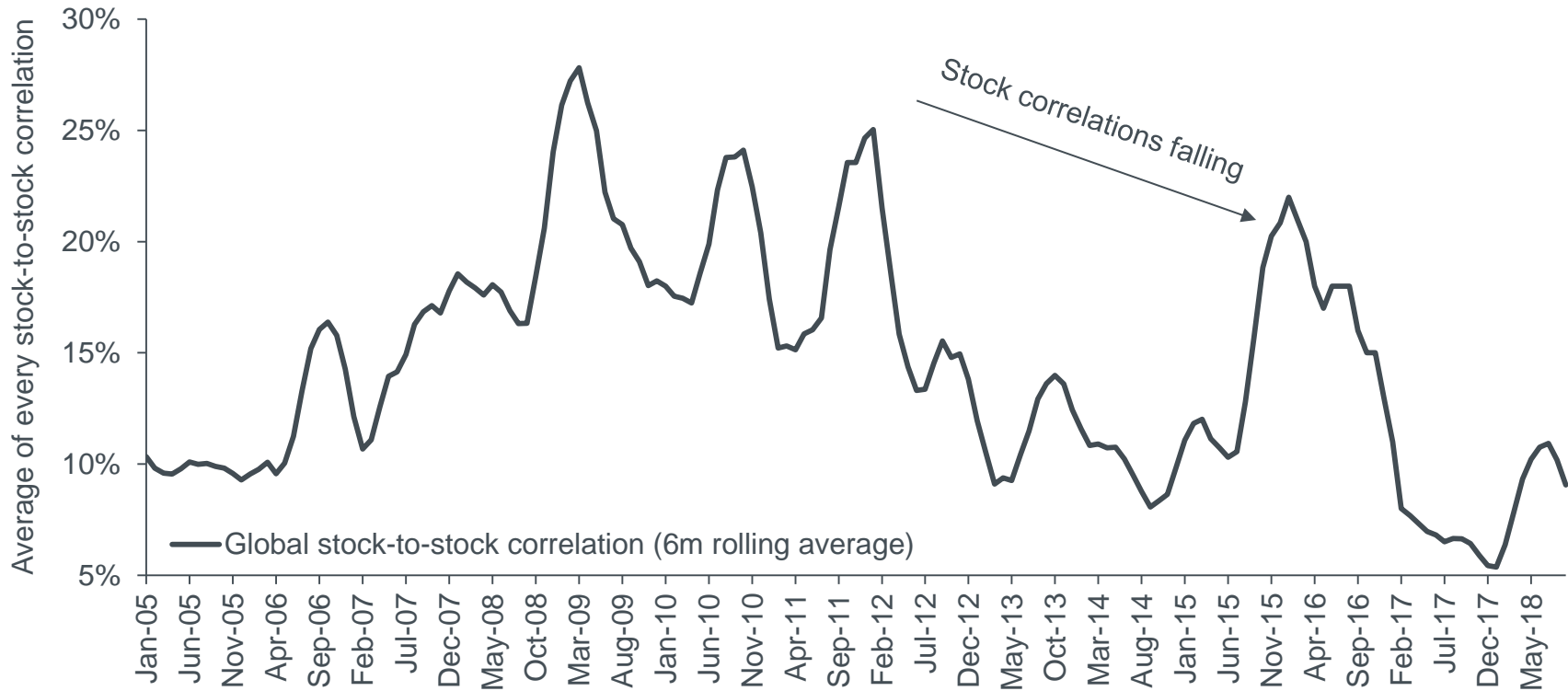
Significantly lower than equities



Source: Janus Henderson Investors. 12 Month Rolling Volatility. Period of analysis from 1 March 2004 to 30 September 2018 in USD.

A stock picker's market

High stock dispersion favours fundamental stock pickers



Source: Bank of America Merrill Lynch, as at 30 September 2018. Indicates the 6 month rolling average of global stock-to-stock correlation.

Janus Henderson Global Equity Market Neutral Fund

Seeks absolute returns, with low correlation to equity markets

<p>Fundamental Stock picking is at the core of what we do. We are not macro managers</p>	<p>In-house Best-of-Breed A blend of investment styles and processes taken from across Janus Henderson's equity teams improves diversification and risk-adjusted returns</p>	<p>Risk Management Oversight from Investment Committee and independent risk teams</p>
<p>Portfolio Construction Systematic risk parity portfolio construction from dedicated portfolio manager</p>	<p>A Best Ideas Portfolio Highest conviction positions are proven to generate a disproportionate amount of alpha</p>	<p>Experience Janus Henderson has been running multi-manager absolute return funds since 2004</p>

Fund overview

Objective

- Positive absolute returns
- Low volatility
- Low correlation to equities
- Low drawdowns
- Target returns of cash +4 – 7%

Solution

- Market neutral approach
- High-conviction pair trades from Janus Henderson's equity teams
- Risk parity portfolio construction
- Target volatility 4 – 7%
- Highly diversified and liquid
- Daily-dealing UCITS

Risk Management

- Net +/- 5%
- Gross 250%
- 60 – 100 pairs
- Stop loss per pair trade
- Investment Committee and independent risk teams

Source: Janus Henderson Investors
Guidelines only. See prospectus for full disclosure. Target returns cannot be guaranteed.

In-house expertise

Diversified across geography & styles at Janus Henderson

Risk Management

- Independent oversight
- Monitoring of hard risk limits & factor / style / country / thematic exposures

Investment Committee

- Steve Johnstone (Committee Chair and Lead Fund Manager)
- Paul Greenwood (Head of Investment Risk)
- Paul O'Connor (Head of Multi-Asset, London)
- Alex Crooke (Co-Head of Equities, EMEA & Asia Pac)
- George Maris (Co-Head of Equities, Americas)



Steve Johnstone, CFA
Lead Manager
(27, 7)



Nick Sheridan

Pan Europe
Value (32, 9)



Ollie Beckett

Europe Small / Mid Cap
Agnostic (23, 13)



Neil Hermon

UK Small / Mid Cap
GARP (29, 16)



Robert Fuchs

Pan Europe
Mean reversion (13, 4)



Hamish Robertson, CFA

U.S.
Value (12, 3)



Lars Dollmann, CFA

EMEA
Agnostic (17, 3)



Junichi Inoue

Japan
Value (23, 2)



Faizan Baig, CFA

U.S.
GARP (11, 3)



Guy Barnard, CFA

Global Property
Relative value (15, 12)



Andrew Gillan

Asia
GARP / quality (18, 4)

Source: Janus Henderson Investors, as at 30 September 2018. Subject to change
Experience shown as (years in the industry, years at firm) as at 30 September 2018

Repeatable process

Isolate stock-picking skill, systematically size positions

		Contributors	
1	Manager selection	<ul style="list-style-type: none"> Multiple styles and geography 	<ul style="list-style-type: none"> Investment Committee Lead PM
2	Pair trade selection	<ul style="list-style-type: none"> Highest conviction ideas only Lead PM assesses appropriateness (liquidity, crowdedness, short borrow, etc) 	<ul style="list-style-type: none"> Underlying equity teams Lead PM
3	Portfolio construction	<ul style="list-style-type: none"> Quantitative process using risk parity approach sizes trades 	<ul style="list-style-type: none"> Lead PM
4	Risk oversight	<ul style="list-style-type: none"> Systematic risk management, with automatic upside/downside reviews and hard stop losses Additional independent risk oversight 	<ul style="list-style-type: none"> Underlying equity teams Lead PM Independent risk teams
5	Ongoing analysis	<ul style="list-style-type: none"> Performance reviews Formal Investment Committee oversight 	<ul style="list-style-type: none"> All

Pair trades

Three methods, multiple approaches

Stock vs Stock

Stock vs Sector

Stock vs Index

Approach

- ✓ Value
- ✓ GARP
- ✓ Momentum
- ✓ Size
- ✓ Low volatility

'Vanilla' approach, with no exotic derivatives

Risk management

Systematic and active

On-desk	Independent Janus Henderson Risk Team
<ul style="list-style-type: none">• Behavioural analysis• Sell discipline (see below)• Portfolio optimisation tool• Crowded trade analysis• All positions traded centrally• Active breach management	<ul style="list-style-type: none">• VaR framework• Market and portfolio stress tests• Hard control limits, tight stop losses (see below)• Factor, style, country and thematic exposures• Book correlation analysis• Escalation process to Risk Committee

- Revisit any pair which:
 - Contributes more than 40bps
 - Detracts more than 30bps
 - Automatic stop loss at -50bps
-

Janus Henderson Global Equity Market Neutral Fund

Guideline parameters

Gross Exposure	250% (Hard Limit 400%)
Net exposure	+/-5% (Hard Limit +/-10%)
Target Beta	Zero (target range +/-0.2)
Pair Trades	60 – 100 pair trades (120 – 200 single positions) <ul style="list-style-type: none">• Max single country exposure: 100% gross• Max single industry exposure: 60% gross
Risk parity approach	Each pair trade volatility risk-weighted to ensure equal risk contribution
Liquidation	Target ability to liquidate 70% of the portfolio in 1 day

Source: Janus Henderson Investors, as at 30 September 2018

Performance



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Performance & risk

Key statistics – annualised since inception

Key statistics

Net return*	5.08%
Volatility*	4.23%
Sharpe ratio*	0.83
Sortino ratio*	0.95
Correlation ¹	0.15
Beta ¹	0.11

Source: Janus Henderson Investors. Data since fund inception (1 February 2017) to 30 September 2018. I Share Class, in USD, net of fees.

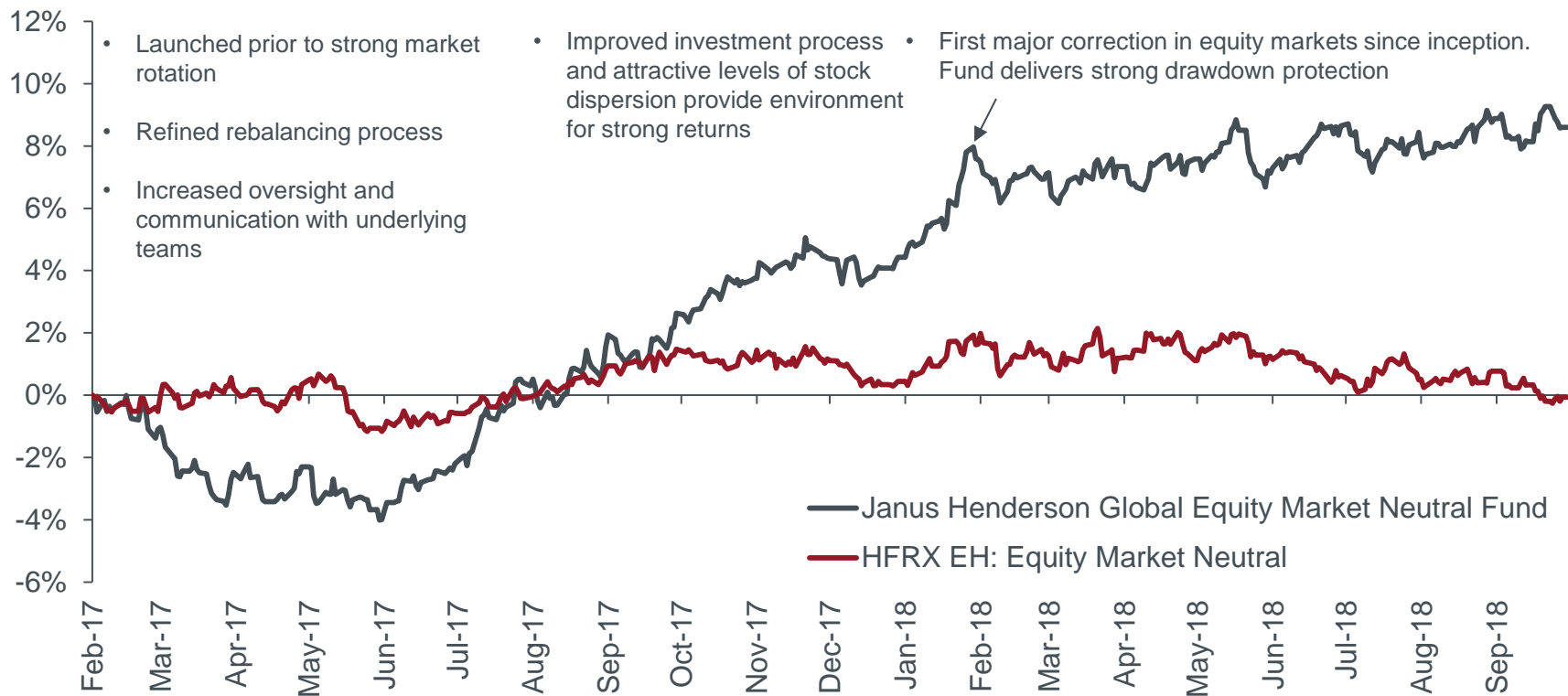
Past performance is not a guide to future performance

* Annualised since inception of the fund (01/02/2017)

¹ Relative to MSCI World Index. Annualised since inception of the fund (01/02/2017).

Fund returns

Since inception net performance



Source: Janus Henderson Investors. Data since fund inception (1 February 2017) to 30 September 2018. I Share Class, in USD, net of fees.
Past performance is not a guide to future performance

Monthly returns

Since inception monthly net performance

2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017
Janus Henderson Global Equity Market Neutral Fund	-	-1.10%	-1.39%	0.19%	-1.73%	1.86%	2.56%	1.25%	1.06%	1.09%	0.62%	0.03%	4.43%
HFRX – Equity Market Neutral Total Return Index	-	-0.52%	0.74%	0.12%	-1.50%	0.60%	0.51%	0.91%	0.63%	-0.34%	0.04%	-0.72%	0.44%

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018
Janus Henderson Global Equity Market Neutral Fund	3.00%	-0.43%	0.23%	0.22%	-0.43%	1.42%	-0.19%	0.41%	-0.26%	—	—	—	3.99%
HFRX – Equity Market Neutral Total Return Index	1.19%	-0.30%	-0.16%	-0.07%	0.14%	-0.61%	-0.15%	0.29%	-0.83%	—	—	—	-0.50%

Source: Janus Henderson Investors. Data since fund inception (1 February 2017) to 30 September 2018. I Share Class, in USD, net of fees.
Past performance is not a guide to future performance

Portfolio characteristics

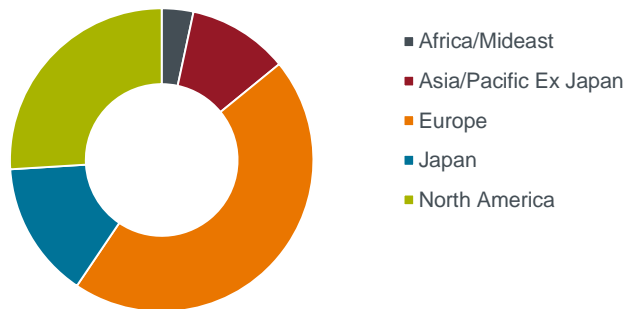


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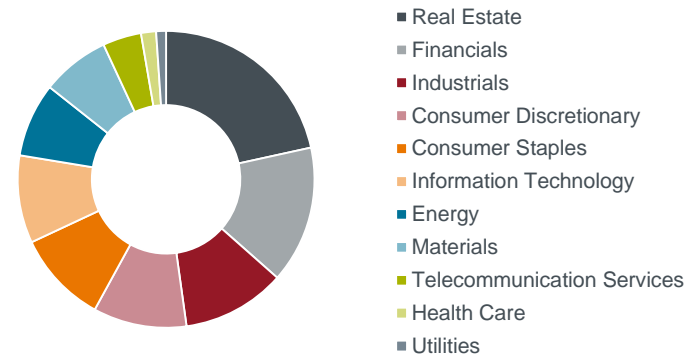
Current exposures

Diversified across regions, sectors, and market cap

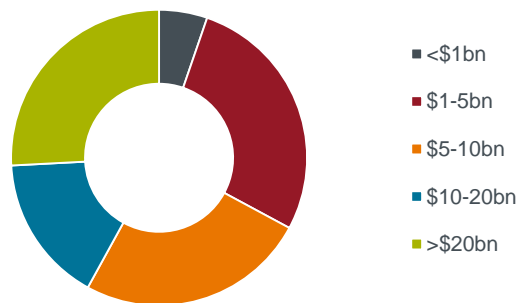
Gross exposure by region



Gross exposure by sector



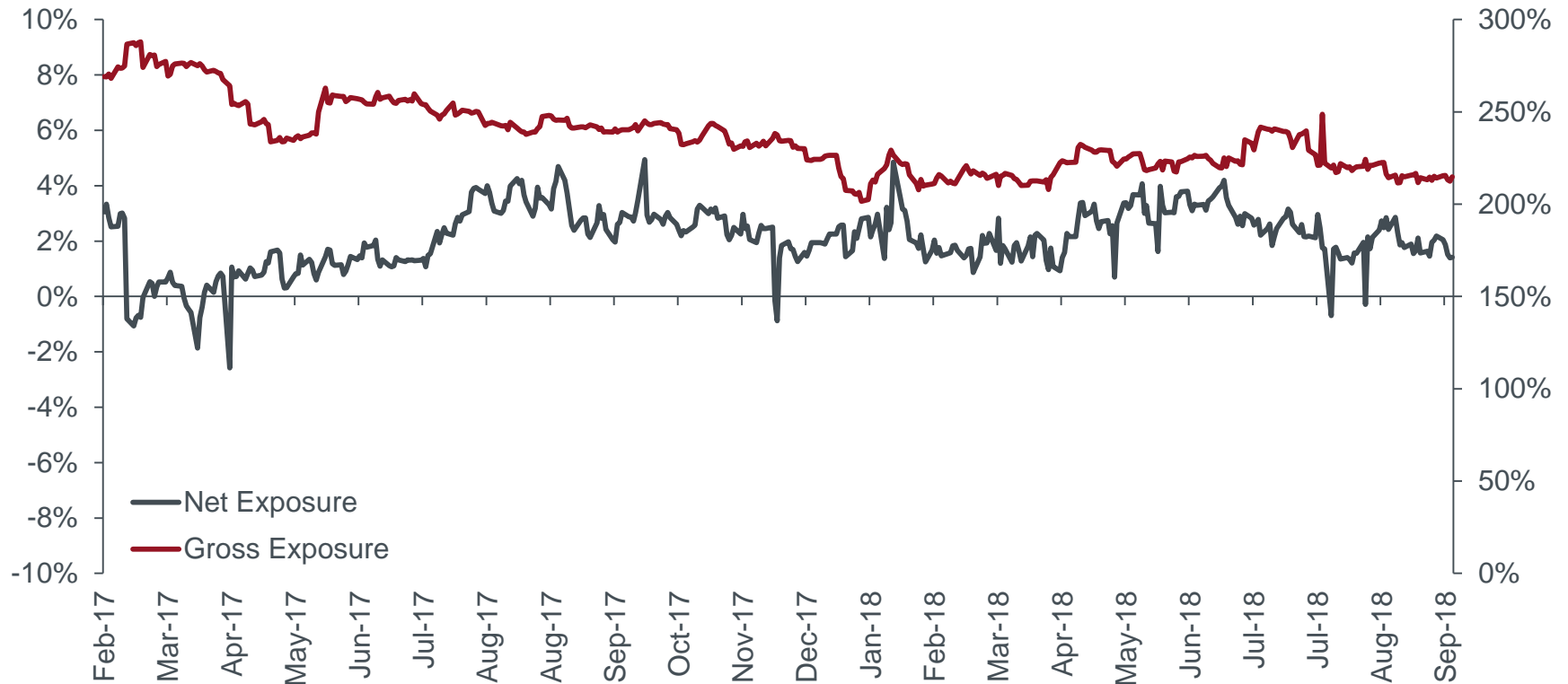
Gross exposure by market cap



Source: Janus Henderson Investors, as at 30 September 2018
Past performance is not a guide to future performance

Portfolio gross and net exposure

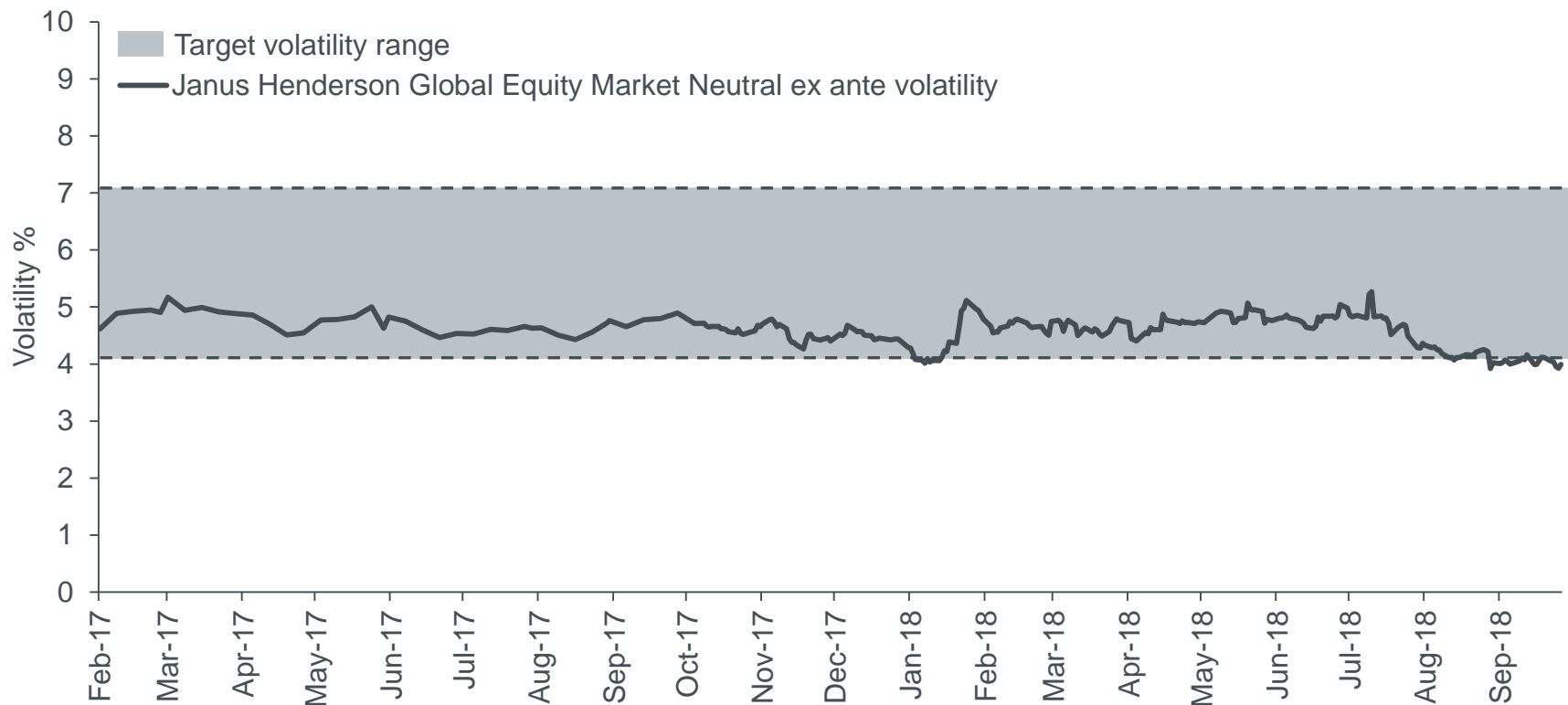
Typically 250% gross and +/- 5% net



Source: Janus Henderson Investors. Shows exposures from 3 February 2017 to 30 September 2018.

Portfolio volatility

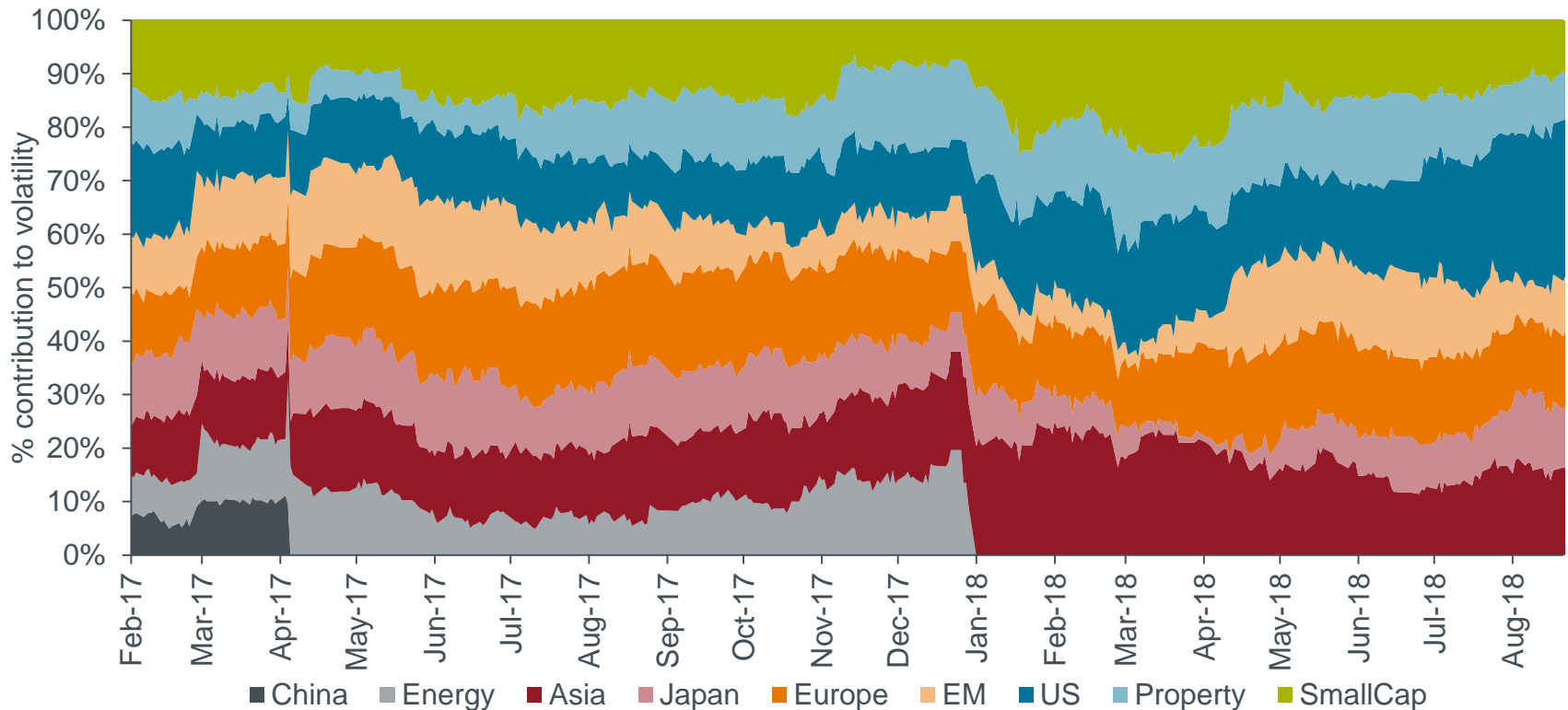
Targeting a volatility range c.4 - 7%



Source: Janus Henderson Investors, as at 30 September 2018

Portfolio specifications: The above data shows the predicted volatility of the portfolio since inception as measured by Risk Metrics using a short term (5 years of data with a 6 month half-life) model. Since inception of the fund (1 February 2017) to 30 September 2018.

Risk contribution by sub-strategy



Source: Janus Henderson Investors, as at 30 September 2018

Portfolio specifications: Portfolio risk as measured using our risk system, RiskMetrics, using a short term (5 years of data with a 6 month half-life) model. Since inception of the fund (01/02/2017) to 30 September 2018.

Appendix

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Fund terms

Fund details	
Launched date	1 February 2017
Structure	UCITS SICAV
Fund manager	Steve Johnstone
Base currency	USD
Share classes	Retail (R), Institutional (I) \$, €, £, ¥, CHF, S\$
Minimum investment	\$2,500 (R), \$25,000,000 (I), or share class currency equivalent
Dealing	Daily (cut off 15:00 CET)
ISIN	LU1542613465 (R) LU1542613549 (I)
Transfer Agent	RBC Investor Services Bank
Custodian	BNP Paribas Luxembourg

Fee structure		
	R	I
AMC	1.50%	0.75%
Performance fee*	20%	20%
Hurdle	US Federal Funds Rate, or share class currency equivalent	US Federal Funds Rate, or share class currency equivalent
High water mark	Yes	Yes

* Performance fee is subject to hurdle and high water mark. A full description of the performance fee, hurdle and high water mark including worked examples, can be found in the prospectus.

The team

Experienced team offering a unique blend of expertise

Region	Style	Manager (industry experience)	Description
Europe	Value	Nick Sheridan (32 years)	<ul style="list-style-type: none"> Bottom-up, value approach, utilising proprietary screening process developed by Nick since 1988 Nick pairs companies with attractive cash flows, yields and valuations against those at the other end of the spectrum
Europe	Mean Reversion	Robert Fuchs (13 years)	<ul style="list-style-type: none"> Bottom-up approach focusing on mean reversion
UK Small/Mid Cap	GARP	Neil Hermon (29 years)	<ul style="list-style-type: none"> Cash-flow focused, bottom-up approach. Neil has over 4 years equity long/short experience on a range of Janus Henderson products Seeks to identify sources of alpha on both sides of pairs, using a range of characteristics
European Small/Mid Cap	Agnostic	Ollie Beckett (23 years)	<ul style="list-style-type: none"> Style-agnostic bottom-up stock picking approach, seeking to identify trends that drive sustainable performance Ollie pairs companies with strong competitive positioning and long-term potential against firms with dissimilar characteristics
US	Value	Hamish Robertson, CFA (12 years)	<ul style="list-style-type: none"> Both Hamish and Faizan are dividend-seeking, fundamental investors Hamish favours a thematic approach, trying to find a long or short idea that will benefit from a short or medium-term thematic development, and pairing that with an idea in a similar sector
	GARP	Faizan Baig, CFA (11 years)	<ul style="list-style-type: none"> Faizan seeks to pair attractively valued secular winners against structurally challenged businesses or those with unfavourable fundamentals in a similar industry/sector
Global Property	Relative value	Guy Barnard, CFA (15 years)	<ul style="list-style-type: none"> High conviction bottom-up investing in REITs and listed property companies by multi-local teams (US, Europe, & Asia) Relative value approach to pair trading
EMEA	Agnostic	Lars Dollmann, CFA (17 years)	<ul style="list-style-type: none"> Fundamental approach, combining bottom-up proprietary research with top-down analysis. Lars has over 11 years' experience in the emerging market long/short space Seeks to identify sources of alpha on both sides of pairs, using a range of characteristics
Asia	GARP / quality	Andrew Gillan (18 years)	<ul style="list-style-type: none"> High conviction, bottom-up approach focusing on high-quality companies at the right price. Andrew has been running equity long/short money for 3 years on a range of products Relative value approach to pair trading
Japan	Value	Junichi Inoue (23 years)	<ul style="list-style-type: none"> Predominantly a GARP approach, focused on identifying companies that can create shareholder value by making a cash return above cost of capital Relative value approach to pair trading

Source: Janus Henderson Investors, as at 30 September 2018

Risk parity approach

Weights trades according to contribution to volatility

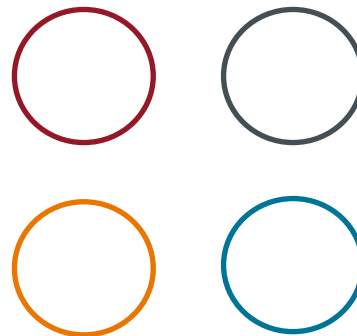
1) Submit pair trades

- 60-100 ideas



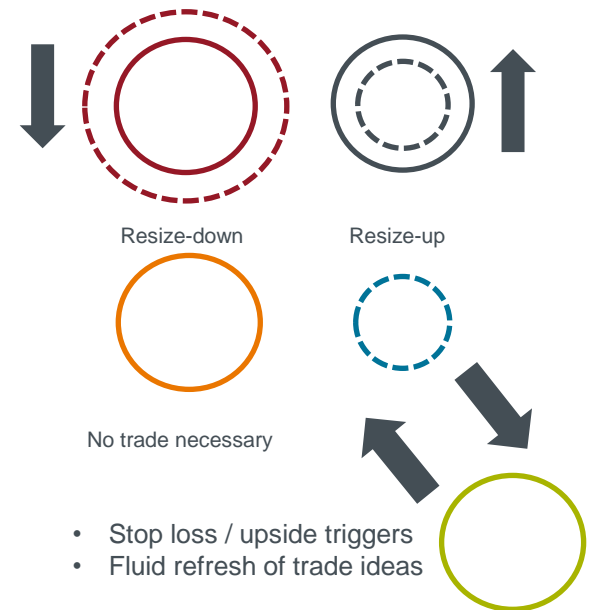
2) Set target weights


- Each pair sized to ensure equal risk contribution, and target weights set



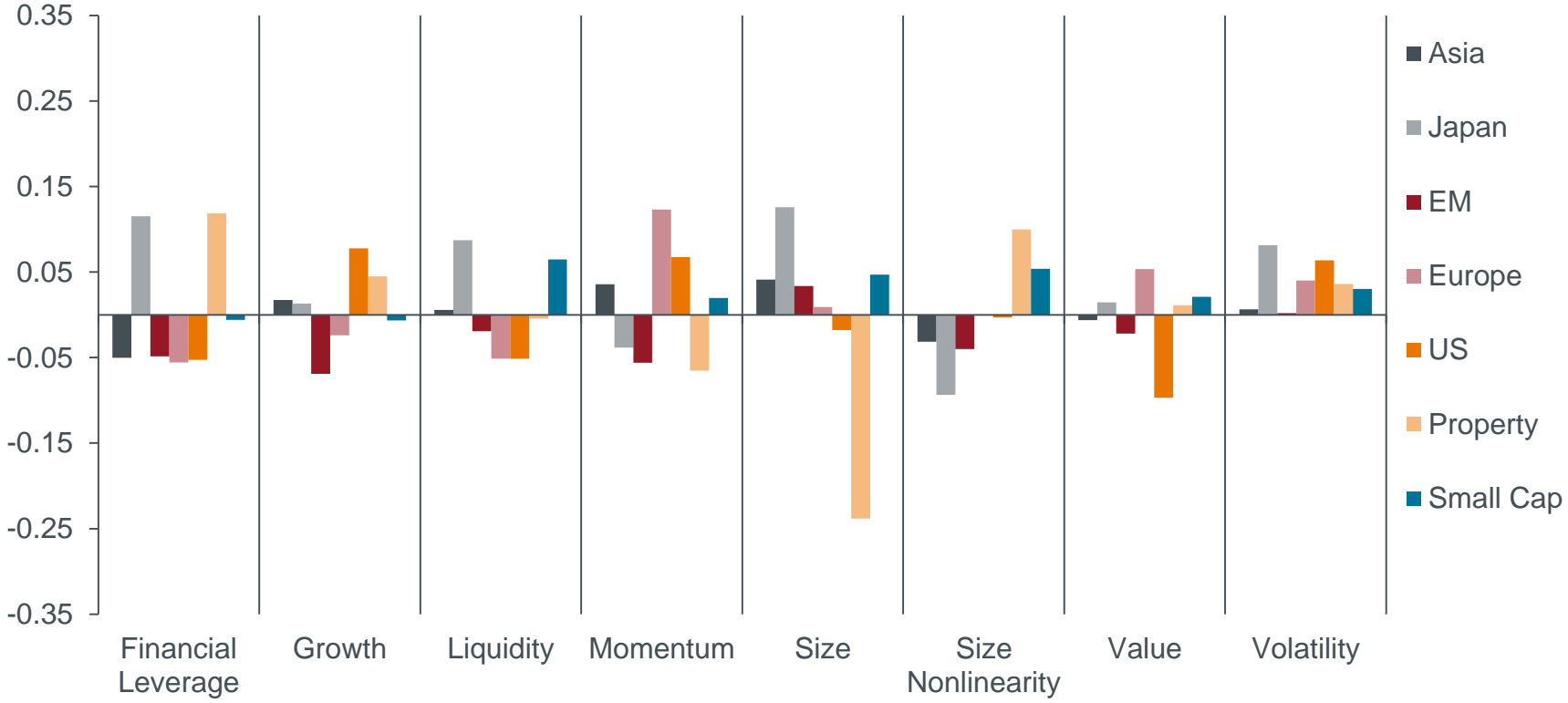
3) Review & rebalance

- Continual review of weights to bring portfolio back to risk parity
- Formal monthly review of trade ideas and portfolio target weights



Key:  Contribution to risk (volatility)

Current factor exposure by region



Source: BARRA Global Equity model, as at 30 September 2018

Pair trade example (1) – Winner

Long Balfour Beatty vs Short Carillion

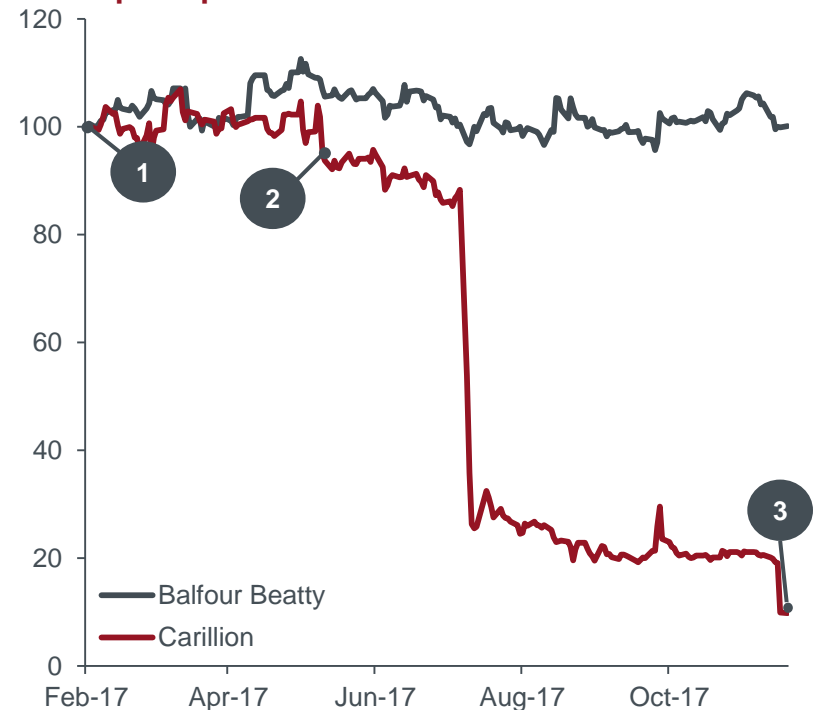
- **Balfour Beatty:** UK construction company, identified as resilient despite a number of profit warnings in the broader sector.
- **Carillion:** UK construction company, identified as rapidly running out of cash reserves.

1. Pair trade initiated
2. Carillion share price plummets (profit warning, departure of its CEO, suspension of its dividend). Despite strong performance, short position rebalanced back to full weight – company was continuing to run out of cash and likely to require equity injection.
3. Share price plummets again following second profit warning and announcement of expected covenant breach in December. Pair closed.

Source: Janus Henderson Investors. For illustrative purposes only.

Note: Reference to individual companies or any securities is purely for the purpose of information only and should not be construed as a recommendation to buy or sell the same. Past performance is not a guide to future performance.

Share price performance:



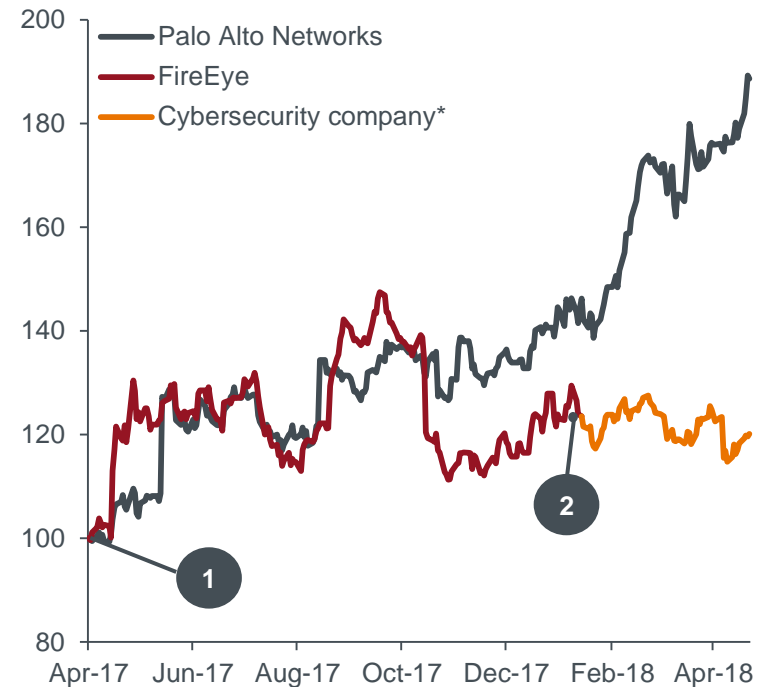
Source: Bloomberg. In GBP, rebased to 100 for comparative purposes. Data from 2 February 2017 to 20 November 2017

Pair trade example (2) – Winner

Long Palo Alto Networks vs Short FireEye / ‘Cybersecurity company*’

- **Palo Alto Networks:** US cybersecurity company with market-leading technology, trading at a lower multiple relative to peers
 - **FireEye:** US cybersecurity company trading at an extreme multiple.
 - **‘Cybersecurity company*’:** Cybersecurity company* also trading at a high multiple, and losing market share
1. Pair trade initiated
 2. Short side of pair trade switched to different cybersecurity company*, following a number of unexpectedly strong quarterly results by FireEye

Share price performance:



Source: Thomson Reuters DataStream. In USD, rebased to 100 for comparative purposes. Data from 19 April 2017 to 10 May 2018

Source: Janus Henderson Investors. For illustrative purposes only.

* Please note that due to Janus Henderson’s disclosure policy, we are unable to name current short positions

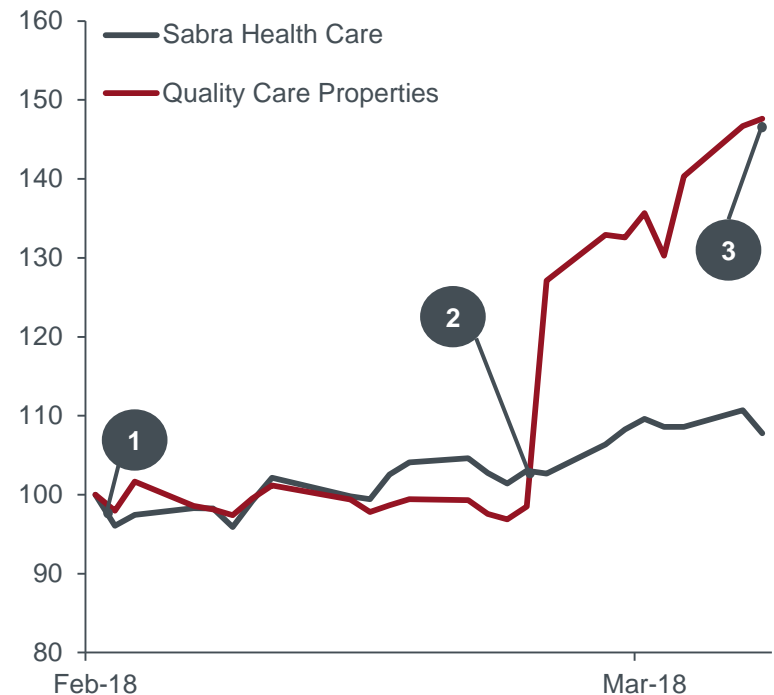
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Pair Trade Example (3) – Loser

Long Sabra Health Care vs Short Quality Care Properties

- **Sabra Health Care:** Healthcare-focussed REIT identified as having a stable outlook
 - **Quality Care Properties (QCP):** Healthcare-focussed REIT, with key tenant (HCR Manorcare) identified at risk of default
1. Pair trade initiated.
 2. QCP rallies significantly on news of an unexpected pre-packaged bankruptcy of HCR, whereby QCP would take control of HCR and have the opportunity to restructure.
 3. Position was maintained given poor outlook for skilled nursing industry. However, trade breaches its hard stop loss limit on 13 March and is closed.

Share price performance:



Source: Bloomberg. In USD, rebased to 100 for comparative purposes.
Data from 7 February 2018 to 13 March 2018

Source: Janus Henderson Investors. For illustrative purposes only.

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Janus Henderson Investors

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ESTA OFERTA PRIVADA SE INICIA EL DÍA 15 NOVIEMBRE 2018 Y SE ACOGE A LAS DISPOSICIONES DE LA NORMA DE CARÁCTER GENERAL N° 336 DE LA SUPERINTENDENCIA DE VALORES Y SEGUROS, HOY COMISIÓN PARA EL MERCADO FINANCIERO.

ESTA OFERTA VERSA SOBRE VALORES NO INSCRITOS EN EL REGISTRO DE VALORES O EN EL REGISTRO DE VALORES EXTRANJEROS QUE LLEVA LA COMISIÓN PARA EL MERCADO FINANCIERO, POR LO QUE TALES VALORES NO ESTÁN SUJETOS A LA FISCALIZACIÓN DE ÉSTA;

POR TRATAR DE VALORES NO INSCRITOS NO EXISTE LA OBLIGACIÓN POR PARTE DEL EMISOR DE ENTREGAR EN CHILE INFORMACIÓN PÚBLICA RESPECTO DE LOS VALORES SOBRE LOS QUE VERSA ESTA OFERTA;

ESTOS VALORES NO PODRÁN SER OBJETO DE OFERTA PÚBLICA MIENTRAS NO SEAN INSCRITOS EN EL REGISTRO DE VALORES CORRESPONDIENTE.

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201 Bishopsgate, London EC2M 3AE
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Important information

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