Janus Henderson European Selected Opportunities

Fund Research Centre
Recommended

Why we recommend the fund

- This Recommended fund is managed according to a well-established philosophy founded by former Director of European Equities, John Bennett.
- Team members work efficiently, honing the universe to locate the sectors and stocks where most value can be drawn.
- Their ongoing work on sector themes ensures that they are always alive to the global trends that impact European companies.
- The team has always had a strong sense of when and how to flex the fund's risk with a view to enhancing returns.

Key characteristics and expected outcome

- Stylistically, the long-run profile of this fund is "blended". It is unlikely to reside at the extremes of value or growth but can display biases at times as the managers express their views. Structurally, the portfolio features a mix of structural winners (mostly growth stocks) and idiosyncratic value opportunities.
- The managers are not afraid to deploy large sector and stock views for extended periods when they have high conviction. Therefore, investors should expect variability in the risk and return outcome when compared to the index and peers.
- Without a strong style bias, the fund can play a central role within a European equity blend, although investors must be comfortable with the managers' willingness to express conviction in stock and sector positioning.

Risk commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 5. This is a regulatory measurement that is, where possible, calculated from the volatility of its weekly performance over a five-year period. A score of 5 means the fund's historic volatility is between 10% and 15%.

SRRI scores of 5 and 6 are common in this sector. The managers' pro-active approach means that portfolio positioning, and therefore relative risks, vary over shorter timeframes. However, the long-term picture sees the fund's characteristics in keeping with the index. Different share classes could have differing SRRI scores.



Key Fund Facts

Inception Date:	01 September 1984
Manager(s) Since:	Robert Schramm-Fuchs (Feb 25) Marc Schartz (Feb 25)
Fund Domicile:	United Kingdom
Base Currency:	£ Sterling
Fund Benchmark:	FTSE Europe ex UK
IA Sector:	Europe ex UK

Formal documentation, including the fund prospectus and the KIID, should be sought directly from the asset manager. A link to the asset manager's website can be found on the relevant fund page at fundresearchcentre.co.uk.

Fund Snapshot

A European equity fund that blends the fundamental analysis of companies with global sector themes. The fund is not strongly stylised, although the managers maintain a firm valuation discipline, with the portfolio featuring a mix of structural winners and idiosyncratic value opportunities. Within its sector, the fund features in our 'Larger-Cap, Blend' category.

Investment Team

The fund is managed by Robert Schramm-Fuchs, Head of the European Large Cap investment team, and Marc Schartz, portfolio manager. Mr Schramm-Fuchs has been with the firm since 2014 and has managed the Janus Henderson European Focus fund since 2019. Mr Schartz has been managing European equity portfolios at Janus Henderson since 2017. They are supported by a dedicated team of analysts. The fund's investment philosophy was founded by Mr Bennett, former Director of European Equities, who announced his retirement in August 2024.

Investment Philosophy

Four key beliefs underpin the process, which are: that macro-economic and sector trends are global in nature; that stock prices are mean reverting; that opportunities can be captured through anticipating change; and, that capital investment drives value creation. The managers believe that they can add value through idiosyncratic stock selection and, to a lesser degree, through sector theme selection.

Investment Process

The approach incorporates the identification of global sector themes and the fundamental analysis of companies. At the idea generation stage, the team aims to slim down the investable universe by identifying sector themes and catalysts, screening and ranking stocks within sectors, as well as seeking a fuller understanding of selected mid-cap stocks to supplement the alpha opportunity. Sector themes are formulated by studying the macro-economic environment and sector-specific factors with the aim of identifying global industry trends and anticipating inflection points. The stock screening tool ranks stocks on a range of measures and they also review a stock's long-term price history and its current rating. Further analytical tools are used to hone their views on the prospects for particular sectors. The team is open to a wide range of information sources, including in-house research, sell-side research and industry contacts. With their belief in mean reversion, they have a tendency towards contrarian investing, although they are not wedded to one style, seeking instead to add value as opportunities arise.

Using the output of this work, large-cap companies that are best-placed to benefit from sector themes, as well as under-researched mid-cap/non-benchmark stocks, are taken forward for further research. In larger companies, they look for the pricing power, strong cash generation metrics and attractive valuations. Second-line stocks of interest tend to be contrarian in nature, where the team has identified a positive change dynamic.

Portfolio Construction and Risk Controls

The approach is benchmark-aware rather than benchmark-driven and high conviction positions can feature at the stock and the sector level. The fund typically features 40-50 stocks, with position sizes of up to 8% permitted upon purchase. Stock weights are a function of conviction and the perceived under-valuation. At least 80% of the fund is expected to be invested in large to mega-cap stocks.

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