

Janus Henderson Multi-Manager Diversified Fund

Q3 2020

For promotional purposes

Fund Managers Names

Paul O'Connor, Nick Watson, CFA, Dean Cheeseman

Macro backdrop

Global equity markets rose 8.1% in US dollar terms over the third quarter, though strong performance in July and August was offset by a weak September. Global markets were 3.3% higher in sterling terms as the pound broadly appreciated. Emerging market and US stocks led markets higher, as UK equities fell and European markets were little changed.

Major sovereign bond yields were little changed over the period, although rising inflation expectations pushed real yields lower in the US and UK. Investment grade credit markets were modestly higher, with high yield outperforming, led by the US dollar market which was up 4.6%. Hard currency emerging market debt rose as credit spreads compressed and local currency bonds benefited from a small appreciation in currencies. The price of gold rose 6%, while the oil price was broadly unchanged. The US dollar fell 3% on a trade-weighted basis as the euro and sterling rose.

Fund performance and activity

The fund returned 1.4% over the quarter, outperforming the IA Mixed Investments 0-35% Shares sector which returned 0.9% (based on the institutional income share class).

Hedging of US dollar foreign exchange risk delivered the strongest contribution to performance over the quarter. It was a mixed bag within our global bond allocations, with high yield and diversified bonds outperforming investment grade. Most notably the MI TwentyFour Dynamic Bond Fund and the AXA US Short Duration High Yield Bond Fund returned 3.1% and 2.2% while the iShares USD Corporate Bond ETF was down 3.2% over the quarter. Other key positive performance returns were delivered through our positions in the iShares Physical Gold ETC (up 2.0%), the BlackRock Continental European Income Fund (up 3.2%) and the Schroder Asian Income Fund (up 4.4%). The allocations to UK equities were a drag on performance, most notably our holding in the Jupiter UK Special Situations Fund which lost 6.5% over the period. Finally, within alternatives and other assets the Montlake Dunn WMA UCITS Fund was down 3.7%.

In terms of portfolio activity we reduced our position in S&P Emini index futures, taking profits for the fund following a strong rally in US equity markets. We also fully redeemed our holding in the Neuberger Berman CLO Income Fund following a strong bounce back from its March lows, reallocating proceeds into assets with a more cautious stance. Within our allocation to alternatives and other assets we initiated a new position in HICL Infrastructure plc. HICL is a closed-ended investment company, focussing on the diversified and established portfolio of infrastructure investments. Finally, towards the end of the period we redeemed our position in the JPM Emerging Markets Income Fund and initiated a new holding in the Janus Henderson Emerging Markets Opportunities Fund.

Outlook/strategy

The final quarter looks like it will be anything but quiet. We expect further flare-ups in volatility as markets must deal with news relating to the pandemic, the economy and politics. While political risks from the US election and Brexit have clear timetables, updates on economic trends and health care developments do not offer the same clear scheduling. This raises the risk of market overreactions as investors try to assess the different impacts of various factors. We expect to see opportunities as uncertainty clears or market moves create attractive entry points across asset classes. With risk assets typically highly correlated and the potential hedging qualities of government bonds hampered by low yields, we think that alternative assets will have an important role in helping to diversify portfolios throughout this environment.

Source: Janus Henderson Investors, as at 30 September 2020

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Fund information

Peer group benchmark	IA Mixed Investment 0-35% Shares
Peer group benchmark usage	Target,Constraint,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) forms the basis of the Fund's performance target and can be a useful performance comparison against other funds with similar aims. The sector also limits the Fund's exposure to shares of companies (also sometimes referred to as equities) to a maximum of 35%.

Objective The Fund aims to provide a return, from a combination of capital growth and income over the long term.

Performance target To outperform the IA Mixed Investment 0–35% Shares sector average, after the deduction of charges, over any 5 year period.

Performance in (GBP)

Performance %	I (Net)	Peer group	Quartile ranking
1 month	0.0	0.0	2nd
YTD	-0.7	-0.2	3rd
1 year	0.5	0.4	3rd
3 years (annualised)	2.1	2.1	3rd
5 years (annualised)	3.4	4.0	3rd
10 years (annualised)	4.7	3.6	1st
Since inception 29 May 1991 (annualised)	4.8	5.8	-

Source: at 30 Sep 2020. © 2020 Morningstar. All rights reserved, performance is with gross income reinvested. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Discrete year performance %	I (Net)	Peer group
30 Sep 2019 to 30 Sep 2020	0.5	0.4
30 Sep 2018 to 30 Sep 2019	4.6	4.9
30 Sep 2017 to 30 Sep 2018	1.2	1.3
30 Sep 2016 to 30 Sep 2017	3.3	3.1
30 Sep 2015 to 30 Sep 2016	7.4	10.6

Source: at 30 Sep 2020. © 2020 Morningstar. All rights reserved, performance is with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

Source for target returns (where applicable) – Janus Henderson. Where quartiles are shown, 1st quartile means the share class is ranked in the top 25% of share classes in its sector.

Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective.

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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.

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Important information

Please read all scheme documents before investing. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the prospectus, and where relevant, the key investor information document before investing. [We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.] The Custodian in Spain is BNP PARIBAS SECURITIES SERVICES S.C.A.

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