

# Janus Henderson Multi-Manager Distribution Fund

Q1 2021

For promotional purposes

## Fund Managers Names

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

## Macro backdrop

Global equities were up over the first three months of the year, rising 4.6% in US dollar terms and 3.6% in sterling terms. European and Japanese markets led the way with both up 9%, followed by the US and the UK which both rose over 5%. Emerging markets lagged with Asia only climbing 2% and Latin America up 5% over the quarter.

The energy sector led stocks higher as it rose 18%, followed by financials which were up 11%. Consumer staples shares fell slightly, with health care and utilities both struggling to make gains. Overall, the quarter was characterised by the significant outperformance of value style stocks and smaller companies, as growth and momentum stocks struggled.

Sovereign bond yields were higher over the quarter, led by large rises in the US and UK. Investment grade markets were lower as yields rose and credit spreads were little changed. High yield performed better as credit spreads in the asset class narrowed. Emerging market debt was negatively impacted by rising yields and weakening currencies. The US dollar broke its downward trend as it rose against most major currencies, although the pound was even stronger. In contrast, the yen depreciated sharply and the euro was also weaker. The prices of both oil and industrial metals rose significantly over the three months, although the value of gold declined 10%.

The COVID-19 pandemic remained an important theme over the quarter. Vaccination programs got underway in earnest in several countries, with the US and UK leading the way among developed nations. This was likely a contributing factor to ending the third wave of infections that followed the holiday season and both countries were able to begin loosening restrictions by the end of the period. In contrast, Europe was slower to roll out vaccinations and was suffering yet another wave of infections as the quarter ended, leading to a further tightening of restrictions. The situation elsewhere remains difficult, with Latin America and India experiencing increasing rates of new cases. The situation in Asia has generally remained well contained but vaccination rates are low.

US fiscal stimulus was an important driver of markets over the three months. The Democrats took the two Senate seats in the Georgia in run-offs following the November election. This handed the party effective control of the US government, although with the narrowest of margins. As a result, the new government was able to push through a further \$1.9 trillion stimulus early in its term. The administration will next move for a sizeable infrastructure package to further reinforce the economic recovery. This stimulus was influential in pushing real bond yields higher from mid-February, supporting the US dollar and spurring further rotation in equity markets. Higher US bond yields were a challenge for expensive assets, with emerging markets suffering in particular after a strong run.

## Fund performance and activity

The fund returned 0.9% over the quarter while the IA Mixed Investments 20-60% Shares sector returned 0.9% (based on the institutional income share class).

UK Equities provided the strongest contributions to performance over the quarter. The stand-out performer was our holding in the Jupiter UK Special Situations Fund with a total return of 12.7%, significantly outperforming the broader market return. Other notable contributions were received through our holdings in the Schroder Asian Income Fund (up 6.3%), the Invesco European Equity Income Fund (up 5.7%) and the MI TwentyFour Dynamic Bond Fund (up 0.7%). The detractors included positions in the iShares Core UK Gilts UCITS ETF (down 7.2%), the Janus Henderson Global Investment Grade Bond Fund (down 4.2%) and the Barings Emerging Markets Sovereign Debt Fund (down 6.4%).

Activity during the quarter was fairly light. We redeemed our position in the Amundi MSCI EM Asia UCITS ETF, taking profits after a strong run of performance. We also reduced our allocation to emerging market equities due to mounting negative influences on the region. Within North American equities a new holding was opened in the iShares S&P US Banks ETF. Finally, within bonds we redeemed our position in the iShares USD Corporate Bond ETF.

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## Outlook/strategy

Forecasts indicate that we should see very strong growth data and higher inflation over the next few months given the poor numbers a year ago. Investors are clearly prepared for this but strong data should help underpin risk assets, even if rising yields remain a challenge for the most expensive. It is important not to ignore the risks from virus mutations and potential vaccine problems, but we continue to look for pro-cyclical, value assets to perform well. After such strong returns in recent months and high pockets of high optimism, we may see some wider consolidation, with internal market rotations becoming an important factor for generating performance.

Source: Janus Henderson Investors, as at 31 March 2021

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## Fund information

Peer group benchmark	IA Mixed Investment 20-60% 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 range of 20-60%.

**Objective** The Fund aims to provide a sustainable level of income with the potential for capital growth over the long term.

**Performance target** To outperform the IA Mixed Investment 20–60% 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	1.5	1.3	2nd
YTD	0.9	0.9	2nd
1 year	19.5	20.1	3rd
3 years (annualised)	4.2	4.7	3rd
5 years (annualised)	4.7	5.5	3rd
10 years (annualised)	4.6	4.9	4th
Since inception 19 Mar 2001 (annualised)	5.3	4.3	-

Source: at 31 Mar 2021. © 2021 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
31 Mar 2020 to 31 Mar 2021	19.5	20.1
31 Mar 2019 to 31 Mar 2020	-7.5	-7.1
31 Mar 2018 to 31 Mar 2019	2.3	2.9
31 Mar 2017 to 31 Mar 2018	0.5	0.8
31 Mar 2016 to 31 Mar 2017	10.9	13.0

Source: at 31 Mar 2021. © 2021 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

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