

Janus Henderson Multi-Asset Absolute Return Fund

Q3 2021

For promotional purposes

Fund Managers Names

James de Bunsen, CFA, Pete Webster, CFA

Macro backdrop

Global equity markets sold off in the latter part of the quarter with the MSCI World Index ending up by just 0.1% in US dollar terms but up 2.6% in sterling terms due to a fall in the latter currency. Global government bonds fell 0.9% in US dollar terms as measured by the JPM Global Government Bond Index. Bond yields rose, despite ongoing dovish rhetoric from central banks, as the developing Covid-19 recovery was increasingly punctuated by supply issues, worker shortages and higher input prices. Inflation measures hit multi-year highs, particularly in the UK, leading to the materially weaker currency.

Fund performance and activity

The fund returned 1.5% during the third quarter of 2021.

In a relatively tricky quarter, it was pleasing to see all sectors of the portfolio making a positive contribution, with the exception of absolute return equity being a small negative. In fact, the best returns came from fixed income, which was noteworthy in a challenging environment for duration assets. This is a function of our skew towards floating rate debt and the first half of the year sale of all nominal government bonds. On an individual basis, the largest contributors to positive returns were the Merrill Lynch Commodity Alpha Strategy, BH Macro, the Blackrock Global Unconstrained Equity Fund and the Atlas Global Infrastructure Fund.

We were fairly active within our property holdings over the quarter. We continued to reduce The PRS REIT as it looked to be in a phase of raising capital to meet capital expenditure and growth plans. We made three new investments across European logistics (Tritax EuroBox PLC), UK health care facilities (Target Healthcare REIT PLC) and accommodation for the homeless/vulnerable (Home REIT PLC). All three were raising capital at attractive valuations. Tritax is part of a strong, structural growth story as online commerce penetration plays catch up on the Continent, while the latter two have boasted very robust rental earnings, which is backed by local authorities, and ultimately the UK government.

We also made a new investment in the Trium Alternative Growth Fund, which is an alternative risk premia strategy that takes advantage of structural inefficiencies across equities, bonds, commodities and currencies. It is the same strategy and manager as the Fortem fund that we previously owned and which proved to be very uncorrelated to markets during the Covid-19 driven panic in markets in early 2020.

Outlook/strategy

If it was not obvious before, it is now evident that high grade bonds are not part of the solution for diversifying portfolios in this environment. Rising rate expectations are putting upwards pressure on yields - and downward pressure on bond prices - and this is causing equity markets to roll over (not to mention, the major rotations we have seen within markets from growth to value styles). We have positioned the portfolio to have very little explicit duration risk, via government or investment grade corporate bonds. We do have some of this interest rate risk in our property/infrastructure holdings, however many of these holdings also have very strong inflation linkages and we think this should more than offset the rising yield issue.

Source: Janus Henderson Investors, as at 30 September 2021

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Fund information

Index Not Applicable

The Fund has no target or constraint with reference to a benchmark. Performance can be assessed by looking at the returns generated over the last 12 months and whether they are positive (more than zero).

Objective The Fund aims to provide a positive (absolute) return, regardless of market conditions, over any 12 month period. A positive return is not guaranteed over this or any other time period, and particularly over the shorter term the Fund may experience periods of negative returns. Consequently your capital is at risk.

Performance target To outperform the UK Base Interest Rate, after the deduction of charges, over any 3 year period.

Performance in (GBP)

| Performance % | (Net) | Index |
|--|-------|-------|
| 1 month | -0.2 | 0.0 |
| YTD | 4.4 | 0.1 |
| 1 year | 7.6 | 0.1 |
| 3 years (annualised) | 3.4 | 0.4 |
| 5 years (annualised) | 2.5 | 0.4 |
| 10 years (annualised) | 2.8 | 0.4 |
| Since inception 01 Oct 2004 (annualised) | 2.9 | 1.6 |

Source: at 30 Sep 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 % | (Net) | Index |
|-----------------------------|-------|-------|
| 30 Sep 2020 to 30 Sep 2021 | 7.6 | 0.1 |
| 30 Sep 2019 to 30 Sep 2020 | 1.2 | 0.4 |
| 30 Sep 2018 to 30 Sep 2019 | 1.5 | 0.7 |
| 30 Sep 2017 to 30 Sep 2018 | 0.7 | 0.5 |
| 30 Sep 2016 to 30 Sep 2017 | 1.8 | 0.2 |

Source: at 30 Sep 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

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.]

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