COMMENTARY

Janus Henderson Diversified Growth Fund

January 2021 **For promotional purposes**

Fund Managers Names

Nick Harper, CFA, Oliver Blackbourn, CFA, Paul O'Connor

Macro backdrop

Global equities fell 0.5% in US dollar terms and 0.9% in sterling terms in January. Emerging markets outperformed their developed peers, rising 3.1%, while Japan was the only major market to end the month higher, with Europe seeing the largest decline. Consumer staples stocks saw the largest decline among sectors, followed by industrials and financials. In contrast, energy was the biggest riser, leading communication services and health care as momentum stocks significantly outperformed.

Sovereign bond yields broadly ended January higher than where they were at the end of 2020 with the US seeing the largest rise in 10-year yields. Yields were pushed higher by a further rise in inflation expectations. Credit spreads were little changed over the month. Emerging market currencies and the Japanese yen broadly declined over the month as the US dollar and sterling appreciated. The price of oil climbed over 7% and the value of gold fell close to 3%.

The run-off elections in the US state of Georgia dominated the early part of the month. The run-offs followed no candidate gaining over 50% of the vote in the November election. Against many expectations, the Democrats were able to take both seats, evening up the split in the US Senate and giving the new vice-president, Kamala Harris, the deciding vote. Taking effective control of every part of the US government materially changes the expectations for what the Democrats are likely to be able to achieve in terms of their legislative agenda. The Georgia result is likely to mean that the US will see greater fiscal stimulus, in particular. Violence in Washington DC ahead of the transition to the new administration ultimately had little impact on markets with Joe Biden being inaugurated on 20 January. Instead, investors' focus immediately switched to considering how large any additional government spending might be and when it might be passed.

January saw continued concerns about the spread of new variants of the COVID-19 virus. Restrictions to combat the spread of more virulent strains continue to be a drag on the economic recovery. However, new infection rates in the US and UK, two of the worst hit countries over the turn of the year, slowed dramatically during the month. In addition, vaccination roll-out continued to accelerate in both countries, although other areas have lagged by comparison. Concerns about the response to the pandemic in Italy led to the resignation of the Prime Minister Guiseppe Conte, as some of his coalition split from the current government. It remains unclear whether a new government will require fresh elections or if a new coalition can be formed.

Outlook/strategy

Our medium-to-longer-term outlook for markets remains positive as the roll-out of vaccines begins to gather pace. It would take a serious change in the current virus or significant concerns about the efficacy of the vaccines to change this trend in our view. Markets continue to show some signs of frothiness and over-exuberance, but this must be set against a clearly positive economic and corporate earnings narrative. Instead, it may be that the growth recovery itself represents a threat to financial markets. A stronger global economy should help lift government bond yields and raise questions about how long central banks can maintain their current policy settings, particularly if fiscal stimulus continues to add further support to growth and inflation. Rising yields are likely to be a headwind for further appreciation of already expensive assets, leading to a rotation in favour of cheaper, more cyclical assets. Understanding this dynamic is likely to be important to both making and preserving capital as it reshapes the market leadership.

Source: Janus Henderson Investors, as at 31 January 2021

Janus Henderson INVESTORS

Janus Henderson Diversified Growth Fund

Fund information

Index	3 month GBP LIBOR Interest Rate + 4%
Index usage	Target,Comparator

3 Month GBP LIBOR is the interest rate at which a selection of banks in London will lend pounds sterling to one another for three months. It forms the basis for the Fund's performance target and provides a useful comparison against which the Fund's performance can be assessed over time.

Objective	The Fund aims to provide a return, from a combination of capital growth and income, with volatility lower than that of equity market volatility, over the long term.
Performance target	To outperform the 3 month GBP LIBOR Interest Rate by 4% per annum, before the deduction of charges, over any 5 year period.

Performance in (GBP)

Performance %	I (Net)	Index	I (Gross)
1 month	-0.3	0.3	-
YTD	-0.3	0.3	-
1 year	9.5	4.3	-
3 years (annualised)	5.2	4.6	-
5 years (annualised)	6.7	4.6	7.6
10 years (annualised)	-	-	-
Since inception 28 Feb 2014 (annualised)	5.2	4.6	6.1

Source: at 31 Jan 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)	Index	I (Gross)
31 Dec 2019 to 31 Dec 2020	9.7	4.4	10.7
31 Dec 2018 to 31 Dec 2019	11.4	4.8	12.4
31 Dec 2017 to 31 Dec 2018	-4.2	4.7	-3.3
31 Dec 2016 to 31 Dec 2017	7.2	4.3	8.2
31 Dec 2015 to 31 Dec 2016	8.7	4.5	9.6

Source: at 31 Dec 2020. © 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.

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.

Janus Henderson
INVESTORS

Janus Henderson Diversified Growth Fund

Janus Henderson
INVESTORS