COMMENTARY

Janus Henderson Diversified Growth Fund

Q2 2020 **For promotional purposes**

Fund Managers Names

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

Macro backdrop

After the market crash of February/March, the second quarter was defined by a rapid bounce in most major asset classes. Global equities rose 19% in both US dollar and sterling terms, led by a 22% recovery in US stocks. In a strong quarter, the UK and Japan were the major laggards, rising 8% and 12% respectively. Across sectors, technology again led the way as it rose 31%, followed closely by consumer discretionary companies which jumped 30%. By comparison, defensive sectors such as utilities and consumer staples both rose less than 10%.

UK gilts outperformed other major sovereign bond markets as gilt yields continued to decline where others were broadly stable. Peripheral European sovereign bonds also performed strongly as their yields continued to decline relative to German bunds. Across most markets, real yields continued to decline as inflation expectations rose. Corporate bonds and emerging market debt performed very strongly as credit spreads narrowed rapidly from the March wides and emerging market countries cut interest rates. The price of oil bounced sharply from very low levels at the start of the quarter, with gold also rising 13% over the three months. The euro and emerging market currencies were broadly stronger as the US dollar, Japanese yen and sterling fell on a trade-weighted basis.

The first quarter of the year was defined by the spread of the COVID-19 outbreak into a global pandemic and the unprecedented halt in economic activity to reduce the spread. The second quarter saw markets driven by the efficacy in dealing with the virus and the extent to which economies could reopen as restrictions were lifted. China and some surrounding countries successfully controlled the outbreaks, western Europe subdued the virus from elevated levels and the US appeared to be making progress. However, reduced restrictions led to a surge in several US states and the spread in many emerging markets continued to accelerate. Europe and China were not immune to further localised flare ups either. The progress in controlling the virus remains a key driver of asset prices and it is likely that flare ups will remain a feature for some time yet.

Despite the continuing uncertainty regarding the pandemic, risk asset prices rose strongly in response to massive policy stimulus and an unwinding of negative sentiment. Policy innovations continued to advance in response to the slump. The Federal Reserve (Fed) set up programs to purchase an array of credit instruments, including certain high yield-rated assets. The European Central Bank (ECB) and the Bank of England both expanded the size of their asset purchase programs as well. The response in terms of government spending also continued to evolve with the most significant proposal coming in the form of the European Commission's proposed €750 billion European Union Recovery Fund. The backing of Germany for some form of shared EU debt was of particular note. Japan and China also announced additional measures and further spending increases are expected in the US and UK.

Outlook/strategy

We think that markets are likely to remain bumpy as investors continue to react to the ebbs and flows of virus cases that seem likely to occur. As the largest single economy in the world, the US has clearly been a focal point recently and events there will likely remain at the forefront of investors' minds. In a broader context, there is no historical roadmap for investors to follow as they try to analyse the future twists and turns of the pandemic and its effects on the global economy. In particular, market participants must deal with potentially conflicting signals that may lead to occasional large swings in sentiment and market leadership. While buy-and-hold investing has been an efficient strategy in the low volatility and trending markets of the last decade, we believe that high volatility regimes like this demand and reward a more active approach to asset allocation.

Source: Janus Henderson Investors, as at 30 June 2020

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	2.3	0.4	-
YTD	1.4	2.3	-
1 year	4.4	4.8	-
3 years (annualised)	4.0	4.7	-
5 years (annualised)	4.5	4.6	5.4
10 years (annualised)	-	-	-
Since inception (annualised)	4.5	4.6	5.4

Source: at 30 Jun 2020. 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)
30 Jun 2019 to 30 Jun 2020	4.4	4.8	5.3
30 Jun 2018 to 30 Jun 2019	3.9	4.8	4.8
30 Jun 2017 to 30 Jun 2018	3.8	4.5	4.8
30 Jun 2016 to 30 Jun 2017	8.8	4.4	9.7
30 Jun 2015 to 30 Jun 2016	1.6	4.6	2.4

Source: at 30 Jun 2020. 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.

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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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