

# Janus Henderson Diversified Growth Fund

Q4 2020

For promotional purposes

## Fund Managers Names

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

## Macro backdrop

The final quarter of 2020 saw equities rise 14.7% in US dollar terms and 8.5% in sterling terms. Emerging market stocks soared closed to 20%, led by a 35% jump in the Latin America region. The US, Europe and Japan were each up around 13% and the UK lagged slightly, rising 10.6%. Both the financial and energy sectors saw 24% gains, helping value stocks outperform. Health care and consumer staples were laggards, rising a little over 7% each.

10-year US Treasury yields rose 0.23% but other major sovereign bond yields were little unchanged. Peripheral European government bonds saw their spreads to the core tighten. Both the US and Germany saw meaningful increases in 10-year inflation expectations of 0.35% and 0.25% respectively. Credit continued to outperform sovereign bonds as credit spreads narrowed. Emerging market debt was further aided by the appreciation of the local currency basket. While gold was broadly flat over the three months, both copper and oil saw strong price increases. The trade-weighted US dollar fell 4%, while the pound rose 2.5% on a similar basis.

The biggest event of the quarter was undoubtedly the US election as Joe Biden defeated Donald Trump. The election was not without controversy as vote counting continued for several days after the polls closed. Despite taking the presidency, the Democrats failed to gain control of the Senate, although run-offs in both Georgia seats mean this may still be possible in early 2021. The result (so far) makes it unlikely that the scale of policy change will be as great as many had speculated based on polling ahead of the vote. Indeed, discussions about further stimulus for the US economy continued until the end of the year before an agreement could be found on a modest package, relatively speaking in an extraordinary year.

While the potential value surge failed to materialise with the election result, news of a likely vaccine development just days later sent many less-loved parts of the markets surging. The news brought with it a potential time scale for the suppression of the COVID-19 virus and an unwinding of the economic restrictions that have accompanied the global pandemic. However, most major developed economies continued to battle the virus into the end of the year, with new strains emerging that sent infection rates in some areas soaring.

The UK finally left the EU behind as the transition period ended. An eleventh-hour deal avoided the hardest possible exit but only a narrow agreement on goods trade was possible in the time available. However, the worst possible disruption was avoided, and UK assets gained following the outcome. Despite protests from certain quarters about tying economic aid to interpretations concerning the rule of law, the European budget was eventually passed. This allows the EU Recovery Fund to come into effect in 2021, boosting the growth outlook as the region looks to recover from the damage of the economic closures.

## Outlook/strategy

As we enter 2021, the medium-term outlook looks positive with expectations for strong economic and company earnings growth this year. This is dependent on the recovery continuing with the roll-out of vaccines globally and the winding down of restrictions that have shackled the economy. As long as there are no major issues with vaccine efficacy or the longevity of immunity, the recovery should continue to support risk assets over the course of the year, bringing with it the potential for significant rotation away from the winners of the last few years and the possibility of outperformance for equities outside of the US. However, we can see signs of investor exuberance in the short term and new, more infectious strains of COVID-19 have seen cases increase sharply in some regions. These represent potential hurdles for markets in the early months of 2021. Any pullbacks may represent buying opportunities given the medium-term outlook. As always, staying flexible and rotating appropriately through such a period will, in our view, be important in both protecting capital and generating returns.

Source: Janus Henderson Investors, as at 31 December 2020

# 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 %	(Net)	Index	(Gross)
1 month	1.9	0.3	-
YTD	9.7	4.4	-
1 year	9.7	4.4	-
3 years (annualised)	5.4	4.7	-
5 years (annualised)	6.4	4.6	7.3
10 years (annualised)	-	-	-
Since inception 28 Feb 2014 (annualised)	5.3	4.6	6.2

Source: at 31 Dec 2020. © 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	(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.

The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

**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 Diversified Growth Fund

---

## 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.]

Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Equity Partners Limited (reg. no. 2606646), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier).

[Janus Henderson, Janus, Henderson, Perkins, Intech, VelocityShares, Knowledge Shared, Knowledge. Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.