

Janus Henderson Horizon Euro High Yield Bond Fund

September 2020

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For professional investors only

Fund Managers Names

Tom Ross, CFA, Tim Winstone, CFA

Macro backdrop

European high yield bond returns edged lower in September, with the ICE BofA European Currency Non-Financial High Yield 2% Constrained Index (hedged to euro) down 0.6%. Excess returns (versus government equivalents) were negative over the month with European high yield spreads closing the period wider. This occurred as market sentiment weakened and volatility spiked, driven by a resurgence in global coronavirus cases, global economic concerns, a stalemate in negotiations for additional US fiscal stimulus and concerns about a contentious US election. On the supply front, issuance levels over September were healthy with euro-denominated new issuance amounting to €12.2 billion and sterling-denominated primary activity totalling £850 million.

Fund performance and activity

The fund underperformed the benchmark over the month.

At the asset allocation level small negative relative performance came from the fund's overweight risk position versus the index. However, the principal detractor from returns was security selection with exposure to the basic industry and leisure sectors hurting relative returns the most.

Positive relative performance came from the fund's off-benchmark exposure to investment grade credit given that euro and US dollar-denominated investment grade bonds outperformed their high yield equivalents. At the issuer level, overweight positions to ASR Media & Sponsorship, Adler Pelzer and Kaisa Group proved particularly advantageous to relative performance.

Outlook/strategy

We continue to be positioned with an overweight risk stance versus the benchmark. We believe technicals such as the hunt for yield and central bank asset purchases may cause European high yield bonds to continue to deliver modest positive excess returns in the near term, albeit we remain cautious of the impact and significance of these catalysts over the long-term.

We remain cognisant of that fact that coronavirus cases in some jurisdictions are increasing, which has led to the implementation of more socially restrictive measures in some jurisdictions and raised the risk of wider lockdowns which may inevitably slow the global recovery in the fourth quarter. News flow suggested the development and roll out of a vaccine is unlikely to occur this year, which is another risk we are cognisant of as further news flow has the potential to disappoint the market. On a broader note, other risks in the market continue to linger such as US-China tensions, US election uncertainty, the US fiscal stimulus impasse and Brexit negotiations, which could all threaten market stability.

From a fundamentals perspective we are more constructive on the balance sheet repair story with corporates taking credit friendly measures, raising cash via a number of activities including credit market issuance, asset sales and equity raises. Our positioning remains focused on investing in issuers we fundamentally favour and/or that are relatively attractively priced in our view.

Fund activity from this juncture is likely to evolve depending on the balance between the growth in coronavirus cases and the impact of this on economies, the economic and political landscape and coordinated central bank policy.

Source: Janus Henderson Investors, as at 30 September 2020

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Fund information

Index	ICE BofAML European Currency Non-Financial High Yield Constrained Index (100% Hedged)
Morningstar sector	Europe OE EUR High Yield Bond
Objective	The Fund aims to provide a return, from a combination of income and capital growth over the long term.
Performance target	To outperform the ICE BofAML European Currency Non-Financial High Yield Constrained Index (100% Hedged) by 1.75% per annum, before the deduction of charges, over any 5 year period.

Performance in (EUR)

Performance %	A2 (Net)	Index	Sector	Quartile ranking	A2 (Gross)	Target (Gross)
1 month	-0.9	-0.6	-0.7	3rd	-	-
YTD	-3.4	-2.7	-3.6	3rd	-	-
1 year	-1.3	-0.6	-2.3	2nd	-	-
3 years (annualised)	2.0	1.5	0.6	1st	-	-
5 years (annualised)	4.4	4.3	3.1	1st	5.6	6.1
10 years (annualised)	-	-	-	-	-	-
Since inception 19 Nov 2012 (annualised)	5.5	4.9	3.7	-	6.8	6.7

Source: at 30 Sep 2020. © 2020 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 %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
30 Sep 2019 to 30 Sep 2020	-1.3	-0.6	-2.3	-0.1	1.1
30 Sep 2018 to 30 Sep 2019	5.6	4.4	3.4	6.9	6.2
30 Sep 2017 to 30 Sep 2018	1.7	0.9	0.7	2.9	2.7
30 Sep 2016 to 30 Sep 2017	7.1	7.5	6.2	8.4	9.4
30 Sep 2015 to 30 Sep 2016	9.1	9.7	7.6	10.4	11.7

Source: at 30 Sep 2020. © 2020 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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For further information on the Luxembourg-domiciled Janus Henderson fund range please contact your local sales office or visit our website: www.janushenderson.com.

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A copy of the Fund's prospectus, key investor information document, articles of incorporation, annual and semi-annual reports can be obtained free of cost from the local offices of Janus Henderson Investors: 201 Bishopsgate, London, EC2M 3AE for UK, Swedish and Scandinavian investors; Via Dante 14, 20121 Milan, Italy, for Italian investors and Roemer Visscherstraat 43-45, 1054 EW Amsterdam, the Netherlands. for Dutch investors; and the Fund's: Austrian Paying Agent Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna; French Paying Agent BNP Paribas Securities Services, 3, rue d'Antin, F-75002 Paris; German Information Agent Marcard, Stein & Co, Ballindamm 36, 20095 Hamburg; Belgian Financial Service Provider CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid (Registered in Spain under CNMV 353. The Custodian in Spain is BNP PARIBAS SECURITIES SERVICES S.C.A.); Singapore: Singapore Representative Janus Henderson Investors (Singapore) Limited, 138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; or Swiss Representative BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich who are also the Swiss Paying Agent. RBC Investor Services Trust Hong Kong Limited, a subsidiary of the joint venture UK holding company RBC Investor Services Limited, 51/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, Tel: +852 2978 5656 is the Fund's Representative in Hong Kong. [Janus Henderson, Janus, Henderson, Perkins, Intech, Alphagen, VelocityShares, Knowledge Shared, Knowledge. Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.