

# Janus Henderson Horizon Euro High Yield Bond Fund

September 2021

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For US Financial Professionals servicing non-US persons

## Fund Managers Names

Tom Ross, CFA, Tim Winstone, CFA

## Macro backdrop

Government bond yields rose again in September, with the 10-year yield on German bunds and US Treasuries rising around 20 basis points (bps) higher, while the 10-year UK gilt yield rose over 30bps. Central bank rhetoric turned increasingly hawkish as rising energy prices heightened inflationary pressures. The European Central Bank and US Federal Reserve hinted at tapering asset purchases, while the Bank of England suggested it could soon start raising rates.

The ICE BofA European Currency Non-Financial High Yield 2% Constrained Index (hedged to euro) delivered a total return of -0.1% (and an excess return of 0.4% versus government debt). Lower-rated European high yield outperformed over the month, with CCC-rated bonds and below, and single B-rated bonds, outperforming BB-rated bonds.

The Chinese property market weighed on sentiment over the period, with developer Evergrande on the brink of default, fuelling fears on the implications for global growth. However, the European high yield bond market remained supported by strong corporate earnings and improving credit quality.

## Fund performance and activity

The fund delivered a negative return in September and lagged its benchmark over the month.

Fund performance was largely hurt by the overweight position to Adler, the German residential property company, following news flow related to the Die Linke minor question and allegations in a short-seller report. Events triggered a stop-loss meeting on the issuer that led us to reduce our overweight position by around 50%.

On the other hand, the fund's overweight risk stance relative to the benchmark was beneficial as excess returns were positive. Security selection provided a small positive contribution to fund performance over the period. Overweight positions in the transportation sector - including easyJet and IAG- added to returns, given the improving environment for airlines as the further easing of lockdown restrictions continues. An overweight to energy producer EnQuest also benefited performance.

## Outlook/strategy

We remain constructive on high yield debt given that the fundamental and technical backdrop remains positive overall. Growth rates remain above real rates and we believe there is scope for further spread tightening, albeit this may be limited by current rich valuations. Mid-cycle default rates look set to remain historically low for the remainder of the year in developed markets, albeit default rates are likely to increase in emerging markets - and specifically Chinese homebuilders. Investors' hunt for yield also continues to support the asset class.

Source: Janus Henderson Investors, as at 30 September 2021

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## Fund information

<b>Index</b>	ICE BofA European Currency Non-Financial High Yield Constrained Index (100% Hedged)
<b>Morningstar sector</b>	Europe OE EUR High Yield Bond
<b>Objective</b>	The Fund aims to provide a return, from a combination of income and capital growth over the long term.
<b>Performance target</b>	To outperform the ICE BofA 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	-0.4	-0.1	-0.1	4th	-	-
YTD	2.4	3.6	2.8	3rd	-	-
1 year	8.6	9.4	7.6	2nd	-	-
3 years (annualised)	4.2	4.3	2.9	1st	-	-
5 years (annualised)	4.3	4.2	3.1	1st	5.5	6.1
10 years (annualised)	-	-	-	-	-	-
Since inception 19 Nov 2012 (annualised)	5.8	5.4	4.2	-	7.2	7.2

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.

Calendar year returns %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
2020	2.4	2.7	0.9	3.7	4.5
2019	11.6	10.8	8.8	13.0	12.7
2018	-2.3	-3.4	-4.2	-1.1	-1.7
2017	5.1	6.1	5.7	6.3	8.0
2016	9.5	10.0	7.6	10.8	11.9

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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For further information on the Luxembourg-domiciled Janus Henderson fund range please contact [sales.support@janushenderson.com](mailto:sales.support@janushenderson.com) or visit our website: [www.janushenderson.com](http://www.janushenderson.com).

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**The information in this commentary does not qualify as an investment recommendation.**

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