

# Janus Henderson Horizon Global High Yield Bond Fund

September 2021

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For US Financial Professionals servicing non-US persons

## Fund Managers Names

Seth Meyer, CFA, Tom Ross, CFA, Tim Winstone, CFA, Brent Olson

## Macro backdrop

Government bond yields rose again in September, with the 10-year US Treasury rising 22 basis points (bps) to 1.49% and the 10-year German bund rising 18bps to -0.21%, which negatively impacted global high yield total returns. Market sentiment continued to be influenced by central bank rhetoric, with a hawkish turn amid heightened inflationary pressures as energy prices rose. 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. Emerging-market high yield therefore delivered weak negative excess returns, underperforming US and European high yield.

Despite this backdrop the high-yield market was supported by good corporate earnings and improving credit quality. Issuance picked up following the traditional summer lull. In aggregate, European and US HY securities benefited from robust risk appetite in September, delivering positive excess returns. In finer detail, the outperformance of the CCC and lower-rated segments of higher-quality securities was notable, resulting in further market compression.

## Fund performance and activity

The fund delivered a negative return in September and underperformed the index against which it is measured, with security selection weighing.

Our overweight to the real estate sector overall was unhelpful. The biggest single-name detractor was the overweight to Adler, the German residential property company, following news flow related to the Die Linke parliamentary inquiry and allegations in a short-seller report. Events triggered a stop-loss meeting on the name that led us to reduce our overweight position by around 50%.

In terms of region, the overweight to Brazil proved a small detractor. The underweight to China added overall, with the underweight to Evergrande the top contributor to relative performance in September. Staying within Chinese real estate, although the underweight to Yuzhou Group added, our overweight positions in fellow Chinese developers Sunac and China Aoyuan detracted from performance.

At the asset allocation level, the fund's overweight risk stance overall, relative to the benchmark, added to performance as excess returns were positive. Also adding to performance was the overweight to lower-rated credit.

Overweights to Enquest and Rocket Software further benefitted relative returns.

## Outlook/strategy

We remain constructive on high-yield debt given that the fundamental and technical backdrop remains positive. Growth rates remains 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 Global High Yield Constrained Index (100% Hedged)
<b>Morningstar sector</b>	Europe OE Global High Yield Bond
<b>Objective</b>	The Fund aims to provide an income with the potential for capital growth over the long term.
<b>Performance target</b>	To outperform the ICE BofA Global High Yield Constrained Index (100% Hedged) by 1.75% per annum, before the deduction of charges, over any 5 year period.

## Performance in (USD)

Performance %	A2 (Net)	Index	Sector	Quartile ranking	A2 (Gross)	Target (Gross)
1 month	-0.8	-0.4	-0.4	4th	-	-
YTD	1.7	3.4	2.7	4th	-	-
1 year	9.5	10.1	9.8	3rd	-	-
3 years (annualised)	7.0	6.8	5.3	1st	-	-
5 years (annualised)	6.8	6.3	4.9	1st	8.1	8.2
10 years (annualised)	-	-	-	-	-	-
Since inception 19 Nov 2013 (annualised)	6.5	5.9	3.7	-	7.9	7.8

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	6.2	6.5	5.3	7.4	8.3
2019	18.0	14.5	12.4	19.5	16.5
2018	-2.2	-1.9	-3.7	-1.1	-0.2
2017	8.5	8.0	8.1	9.8	9.9
2016	14.4	16.2	10.9	15.8	18.3

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

## Important information

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