

# Janus Henderson Institutional Overseas Bond Fund

Q3 2021

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For professional investors only

## Fund Managers Names

Andrew Mulliner, CFA, Ales Koutny, CFA

## Macro backdrop

The third quarter was very much one of two halves. July and early August saw a strong summer seasonal kick in for government bonds given a lack of supply resulting in gains, but September saw a large reversal in government bond markets. Ten-year yields closed marginally higher on US Treasuries and German bunds, while the 10-year UK gilt yield climbed by 30 bps over the quarter. The US Federal Reserve and European Central Bank paved the way for tapering asset purchases, while the Bank of England moved towards raising rates. Corporate debt outperformed government bonds despite troubled Chinese property group Evergrande weighing on sentiment. The US dollar index (DXY) reached a year-to-date high as the US dollar strengthened versus the euro, yen and sterling.

## Fund performance and activity

Duration management was beneficial for performance. In July, we added exposure to Eurozone sovereign debt on a tactical basis, which performed well as yields moved lower over the summer. We subsequently reduced interest rate duration in the second half of the period, and in particular underweighting Germany and the US, which benefited performance as yields rose sharply in September. Portfolio holdings in Indonesia and China government bonds were relative outperformers. The off-index allocation to Japanese inflation-linked bonds also added to returns.

Our overweight credit positioning aided performance overall, despite a modest drag from exposure to Asian investment-grade corporates.

Currency positions made a small contribution where the portfolio benefitted from outperformance of the Indonesian rupiah relative to other asian currencies such as the Japanese yen.

## Outlook/strategy

We expect next year to bring above trend growth and inflation that is unlikely to fall as much as previously expected. As a result, we remain cautious on core government markets given the hawkish tone from central banks in the face of continued supply bottlenecks, commodity price inflation and rising inflation expectations. However, with more rate hikes priced in, we believe there will be increased scope to differentiate and weight exposure to markets where hikes are less likely. We retain a small allocation to emerging market corporate issuers of investment grade quality.

Source: Janus Henderson Investors, as at 30 September 2021

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## Fund information

**Index** JP Morgan Global Government Bond Ex UK Index  
**Index usage** Target, Comparator

The JP Morgan Global Government Bond (Ex UK) Index is a measure of the combined performance of bonds issued by governments (excluding the UK). It forms the basis of the Fund's performance target and provides a useful comparison against which the Fund's performance can be assessed over time.

**Peer group benchmark** IA Global Government Bond  
**Peer group benchmark usage** Comparator

The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The Fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

**Objective** The Fund aims to provide an income with the potential for capital growth over the long term.  
**Performance target** To outperform the JP Morgan Global Government Bond Ex UK Index by 1% per annum, before the deduction of charges, over any 5 year period.

## Performance in (GBP)

Performance %	I (Net)	Index	Peer group	Quartile ranking	I (Gross)	Target (Gross)
1 month	0.6	0.2	-0.4	1st	-	-
YTD	-3.8	-4.1	-4.0	2nd	-	-
1 year	-7.1	-7.6	-5.3	3rd	-	-
3 years (annualised)	3.2	2.6	2.5	1st	-	-
5 years (annualised)	0.5	0.5	0.9	3rd	1.0	1.5
10 years (annualised)	2.0	2.5	2.4	3rd	2.5	3.6
Since inception 17 Mar 2000 (annualised)	3.8	5.0	4.2	-	4.4	6.1

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.

Discrete year performance %	I (Net)	Index	Peer group	I (Gross)	Target (Gross)
30 Sep 2020 to 30 Sep 2021	-7.1	-7.6	-5.3	-6.6	-6.6
30 Sep 2019 to 30 Sep 2020	2.5	1.6	1.9	3.0	2.6
30 Sep 2018 to 30 Sep 2019	15.5	15.1	11.6	16.1	16.3
30 Sep 2017 to 30 Sep 2018	-0.1	1.2	-0.3	0.5	2.2
30 Sep 2016 to 30 Sep 2017	-6.8	-6.3	-2.8	-6.3	-5.3

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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**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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