

Janus Henderson Horizon Emerging Market Corporate Bond Fund

August 2020

For promotional purpose

Fund managers

Andrew Mulliner, CFA, & Jennifer James

Marco backdrop

August was fairly positive for all risk assets, although geopolitics remained a source of market volatility. Emerging market foreign exchange continued to trade sideways despite a weakening dollar. US Treasuries widened as the 10-year point reached 0.7% (up 18 basis points from the previous month), while the S&P was up 7%, driven by technology stocks and continued retail activity in single stock options. Emerging market credit also had a risk-on month, with a return of 0.9% in the Corporate Emerging Market Bond Index (CEMBI) and 0.5% in the Emerging Market Bond Index (EMBI). The bounce was sustained by a further acceleration of the oil price recovery; Brent crude ended the month at \$45.3 per barrel (up 4.6% from July).

The performance of emerging market corporates was led by Latin America, as the region played catch up (rising 1.3% and down 29 basis points in spread). Argentina saw the largest increase as its ninth sovereign debt restructuring was finalised. Performance in Central and Eastern Europe, Middle East and Africa (CEEMEA) and Asia, up 0.8% and 0.7% respectively, was driven by a rebound in the lower-quality issuers like South African and Indian corporates, which were up 1.4% and 2.1%.

Flows into emerging market bond funds continued at a healthy pace, creating a positive technical for emerging markets in August, with more cash chasing less bonds as supply diminished. Emerging market hard currency portfolios added \$6.1 billion, the most in a single month this year, and local currency funds saw assets under management increase by \$2.3 billion. The trend accelerated further as seen in emerging market equities, which had been the least favoured asset class in the region, but flows finally returned positive in August (up \$0.3 billion). Emerging market corporates issued \$28 billion in August, with the bulk of it in Asian investment grade – a persistent theme for the past five years. Given seasonality, corporate issuance was lighter than in previous months, but it is now anticipated to pick up, especially ahead of the US elections in November.

US dollar weakness and economic recovery both contributed to the momentum seen in August. However, we remain cautious going forward.

Fund performance and activity

The fund returned 0.9% and marginally underperformed the benchmark.

The lack of exposure in Indian corporates and the rebound in Chilean names dragged down performance, while our high-conviction positions balanced the total return. Overweight positions in Chinese real estate, Mexico, Ukraine, and a basket of high beta oil-related names (Nigeria, Angola, Ghana) all produced strong outperformance.

We slightly changed positioning to a more conservative stance, taking profits in Sub-Saharan Africa and several other sovereign plays, while remaining strongly overweight Asia (adding Indian proxies like Pakistan and Sri Lanka), selectively overweight CEEMEA (adding Middle Eastern financials and sovereigns through new issues), and underweight parts of Latin America.

The turnover in August was limited given a seasonally illiquid market. The fund participated in few new issues at the end of the month, mostly from investment grade sovereigns. In the coming months we expect to see increased supply and heightened market volatility as we digest COVID-19-related news and uncertainty around the US elections.

Janus Henderson Horizon Emerging Market Corporate Bond Fund

Outlook/strategy

Geopolitics remains a source of emerging market volatility. US-China hostilities remain high, and are likely to remain high as we near the November US elections. Although the Phase 1 trade deal remains intact for now, China's lack of compliance with purchasing targets could create market uncertainty. Elections are also approaching in the US, which might trigger front-loaded supply and create a negative technical environment for emerging market corporates. Other idiosyncratic stories are weighing on sentiment within emerging markets. Turkey continues to flex its muscles in the Mediterranean which might trigger a reaction from the EU while Russia is at the epicentre of international tensions over the poisoning of Putin's opposition leader and its involvement in Belarus protests. The level of uncertainty remains high given the rebound year-to-date of risk assets.

We have moved the fund towards a more defensive posture and will seek to further reduce risk by taking profits primarily in credits, where spreads are through or near pre-pandemic levels. In addition, the fund has a healthy cash balance that can be easily deployed in new issues that present value.

Source: Janus Henderson Investors, as at 31 August 2020

Janus Henderson Horizon Emerging Market Corporate Bond Fund

Fund information

Index

JP Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified

Objective

The Fund aims to provide a return, from a combination of income and capital growth over the long term.

Performance in (USD)

Annualised performance %	A2	A2 (with sales charge)^	Benchmark
1 month	0.9	-4.2	0.9
3 months	5.4	0.1	6.1
1 year	6.1	0.8	6.0
3 years (p.a)	3.7	1.9	5.0
5 years (p.a)	5.0	4.0	6.1
Since inception (p.a)	4.8	3.9	5.3

Source: at 31 Aug 2020. © 2020 Morningstar. All rights reserved, performance is net of fees, with gross income reinvested. Performance figures of less than 1 year are not annualized. 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.

^Performance with sales charge assume 5.00% initial sales charge/front-end load (FEL) applied.

Past performance is not a guide to future performance.

Note: Reference to any specific company or stock is for information purposes only and should not be construed as a recommendation to buy or sell the same.

Janus Henderson Horizon Emerging Market Corporate Bond Fund

For further information on the Janus Henderson fund range please contact your local sales office or visit our website: www.janushenderson.com/sg

Singapore

Janus Henderson Investors

Tel: +65 6813 1000

Fax: +65 6221 0039

Website: www.janushenderson.com/sg

Important information

Janus Henderson Investors (Singapore) Limited and its affiliates are referred to herein as Janus Henderson Investors. This document has been produced based on Janus Henderson Investors' research and analysis and represents our house view. All the information contained in the document is intended for information, illustration or discussion purposes only and should not be relied on for any investment decisions or regarded it as a substitute for the exercise of your own judgement. This advertisement has not been reviewed by the Monetary Authority of Singapore.

The contents of this document are prepared without consideration to the specific investment objective, financial situation and particular needs of any specific person. It does not constitute an advertisement and should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase any investment in any jurisdiction and do not purport to represent or warrant the outcome of any investment strategy, program or product. Any information and views provided herein is subject to change without further notice. None of the material, nor its content, nor any copy of it, maybe altered in any way, transmitted to, copied or distributed to any other party, without prior express written permission of Janus Henderson Investors. The information contained herein is obtained and / or compiled from sources believed to be reliable and current and Janus Henderson Investors do not warrant, guarantee or represent, either expressly or impliedly, the accuracy, validity or completeness of such information. Janus Henderson Investors or any directors or employees of Janus Henderson Investors shall not be liable for any damages arising from any person's reliance on this information and shall not be liable for any errors or omissions (including but not limited to errors or omissions made by third party sources) in this information. Unless otherwise indicated, the source for all data is Janus Henderson Investors.

Past performance of any fund, a security, an investment or manager and any opinions, forecasts, assumptions, estimates or valuations made are not necessarily indicative of the future or likely performance of the fund, the security, investment or manager. The fund(s) may intend to use or invest in financial derivative instruments. An investment in collective investment schemes/funds, and/or other investment products is subject to investment risks, including the possible loss of the principal amount invested. The value of the units and the income from the funds may fall as well as rise as a result of market and currency fluctuations. Investments in and the rate of return for the Fund are not obligations of, deposits in, guaranteed or insured by Janus Henderson Investors or any of its affiliates or authorised distributors.

The Singapore Representative of the Janus Henderson Horizon Fund is Janus Henderson Investors (Singapore) Limited and is distributed by authorised distributors. The prospectus and Product Highlights Sheet of the Fund is available and may be obtained from the Singapore Representative's office and the authorised distributors' offices. Investors should read the prospectus and Product Highlights Sheet before deciding whether to invest in the units of the Fund.

Note to Singapore Readers: Issued in Singapore by Janus Henderson Investors (Singapore) Limited, licensed and regulated by the Monetary Authority of Singapore. Company Registration No. 199700782N.

© 2020, Janus Henderson Group plc. Janus Henderson is a trademark of Janus Henderson Group plc.

Date of issue: September 2020