

Janus Henderson Horizon Global High Yield Bond Fund

November 2021

For promotional purpose

Fund managers

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

Macro backdrop

The ICE BofA Global High Yield Constrained Index (hedged to US dollars) delivered a total return of -1% (and an excess return of -1.5%) in November, with credit spreads widening. Emerging market high yield was the underperformer over the month, followed by US and then European equivalents, although all delivered negative excess returns. In terms of ratings, BB-rated bonds underperformed, followed by CCC and lower, then B-rated.

High yield markets were impacted by continued elevated inflation (and thus the potential for a quicker withdrawal of central bank stimulus), rates volatility, uncertainty in the Chinese property market and fears around a broader slowdown in growth, which harmed appetite for spread products. This was exacerbated by the new Covid-19 wave in Europe, which has seen a return to tighter restrictions and, in some cases, the imposition of lockdowns. This was on top of the emergence of the Omicron 'variant of concern' in the latter days of the month, which saw a sell-off in risk assets (causing further spread widening) and a rally in government bonds. Core government bond yields fell, with the 10-year yield on German bunds, US Treasuries and UK gilts down by 24 basis points (bps), 11bps and 23bps respectively.

Fund performance and activity

The fund delivered a negative return in November and underperformed its benchmark with the fund's overweight risk stance versus the index weighing on relative returns.

Security selection within Chinese real estate was a key detractor with overweight positions to China SCE and China Aoyuan and an underweight position to Powerlong Real Estate hurting performance the most.

Security selection within the health care sector also hurt relative returns, such as an overweight position to Boston Scientific.

On the positive side, an underweight to Telecom Italia benefited performance as bonds prices fell on the back of news of a private equity bid for the telecom firm. We added exposure given improved valuations but remain underweight overall as takeover uncertainty remained high.

Exposure to the automotive sector, such as an overweight position to Ford alongside Central and Eastern European real estate company CPI Property, also added to returns.

Outlook/strategy

The fund remains positioned with an overweight risk stance versus the benchmark, reflecting our expectation for global high yield to deliver small positive excess returns in the near term. The fund is overweight the US, which is an area we marginally added risk to through select opportunities on the back of improved valuations. The fund is underweight emerging markets and Europe.

Within emerging markets we have an underweight risk position to China but have moved to a market weight risk stance to the Chinese property sector. Our risk additions have been focused on higher quality issuers which are trading at higher cash prices and where we believe there is upside from here. We remain overweight risk to Turkey and Brazil, although we pared back risk to Turkish financials over the month on the back of volatility driven by the central bank cutting rates and a depreciation in the Turkish lira.

At the single issuer level notable changes to positioning included exiting exposure to Adler in November, leaving us underweight risk on a net exposure and duration times spread basis. We closed our position immediately following the earnings release given it did not dispute the Viceroy allegations as we expected, leaving us with a lack of confidence in the company's management. The earnings call following this was poor and the price of the issuer's bonds remain volatile.

Janus Henderson Horizon Global High Yield Bond Fund

While inflation is stickier than our expectations earlier in the year, we remain of the view inflationary pressures are largely driven by Covid-19 supply and demand dynamics, which should normalise over the long term. On a historical basis high yield typically outperforms other fixed income assets and equity in periods of rising inflation, and therefore can be a useful diversification addition to portfolios.

We remain constructive on the fundamental and technical backdrop, which ultimately drives our favourable view of high yield. Defaults are at historically low levels, which is expected to continue into next year, while credit quality is improving, and growth remains positive. The technical tailwind in high yield persists, with the hunt for yield prevalent, existence of high volumes of negative-yielding assets and continuing support from global central banks. Global high yield valuations are back to levels seen in February this year offering more attractive entry points. Overall, we continue to believe the supportive technical and fundamental landscape will drive a further small tightening in high yield credit spreads in the near term.

Source: Janus Henderson Investors, as at 30 November 2021

Janus Henderson Horizon Global High Yield Bond Fund

Fund information

Index ICE BofAML Global High Yield Constrained Index (100% Hedged)

Objective The Fund aims to provide an income with the potential for capital growth over the long term.

Performance in (USD)

| Annualised performance % | A2 | A2 (with sales charge)^ | Benchmark |
|--------------------------|------|----------------------------|-----------|
| 1 month | -1.6 | -6.6 | -1.0 |
| 3 months | -3.5 | -8.4 | -2.2 |
| 1 year | 0.8 | -4.3 | 3.5 |
| 3 years (p.a) | 6.9 | 5.1 | 7.0 |
| 5 years (p.a) | 6.1 | 5.0 | 6.0 |
| Since inception (p.a) | 6.0 | 5.4 | 5.6 |

Source: at 30 November 2021. © 2021 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 Global High Yield 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

The views presented are as of the date published. They are for information purposes only and should not be used or construed as investment, legal or tax advice or as an offer to sell, a solicitation of an offer to buy, or a recommendation to buy, sell or hold any security, investment strategy or market sector. Nothing in this material shall be deemed to be a direct or indirect provision of investment management services specific to any client requirements. No forecasts can be guaranteed and there is no guarantee that the information supplied is complete or timely, nor are there any warranties with regard to the results obtained from its use. Janus Henderson is the source of data unless otherwise indicated, and has reasonable belief to rely on information and data sources from third parties. **Past performance is no guarantee of future results. Investing involves risk, including the possible loss of principal and fluctuation of value.**

Not all products or services are available in all jurisdictions. This material or information contained in it may be restricted by law, may not be reproduced or referred to without express written permission or used in any jurisdiction or circumstance in which its use would be unlawful. Janus Henderson is not responsible for any unlawful distribution of this material to any third parties, in whole or in part. The contents of this material have not been approved or endorsed by any regulatory agency.

Note to Singapore Readers: Issued in Singapore by Janus Henderson Investors (Singapore) Limited (Co. registration no. 199700782N) licensed and regulated by the Monetary Authority of Singapore. This advertisement has not been reviewed by the Monetary Authority of Singapore.

The value of an investment and the income from it can fall as well as rise and investors may not get back the amount originally invested. There is no assurance stated objective(s) will be met. There is no assurance that the investment process discussed includes an effort to monitor and manage risk which should not be confused with and does not imply low risk or the ability to control certain risk factors. Various account minimums or other eligibility qualifications apply depending on the investment strategy, vehicle of investor jurisdiction.

Investors are advised to consult your intermediary who will give you advice on the product suitability and help you determine how your investment would be consistent with your own investment objectives. The investment decisions are yours and an investment in the Fund may not be suitable for everyone. If in doubt, please contact your intermediary for clarification.

The Singapore Representative of the Janus Henderson Horizon Funds plc 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.

Janus Henderson Horizon Fund is an open ended investment company incorporated in Luxembourg as a société d'investissement à capital variable ("SICAV") on 30 May 1985. Investors are warned that they should only make their investments based on the most recent Prospectus which contains information about fees, expenses and risks, which is available from all distributors and paying agents, it should be read carefully. An investment in the fund may not be suitable for all investors and is not available to all investors in all jurisdictions; it is not available to US persons. The rate of return may vary and the principal value of an investment will fluctuate due to market and foreign exchange movements. Shares, if redeemed, may be worth more or less than their original cost.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

Janus Henderson is trademark of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.

Date of issue: December 2021