

# Janus Henderson Horizon Total Return Bond Fund

February 2021

For promotional purpose

## Fund managers

Andrew Mulliner, CFA, Helen Anthony, CFA

## Macro backdrop

February was a difficult month for government bonds. Continued headway in Covid-19 vaccinations supported optimism about a strong revival of economic growth, along with progress toward further US fiscal stimulus, as the \$1.9 trillion proposal announced in January was approved by the lower chamber of Congress and moved to the Senate for debate. However, all of this also triggered concern that the expected rebound may drive inflation higher, in turn causing anticipation of interest-rate rises and weakness in sovereign issues.

## Fund performance and activity

The fund showed a negative return for the month. However, it held up relatively well compared with broad market indices, primarily due to the allocation to higher yielding credit.

Given the backdrop of poor performance by government debt, the fund's exposure to developed market rates was the principal detractor. Our long positions in Australia and Canada detracted as yields rose and the curves steepened. However, this was moderated to an extent by the positive gains on short positions in US Treasury futures (5- and 30-years) amid ongoing anticipation of reflationary conditions as the Biden administration moves to stimulate the economy.

The allocation to emerging markets rates had a smaller negative impact, reflecting the holding of Mexican sovereign debt. Nonetheless, the fund retains its preference for emerging market government bonds over developed world rates, believing risk in the latter is skewed toward higher yields. We favour countries offering relatively high real yields after taking into account projected inflation, expecting those central banks will be more likely to lower policy rates to support the economic recovery, which could benefit bond returns.

Elsewhere in the portfolio, the position in investment grade credit was disadvantageous. However, we note that this comprises a relatively small part of the fund, having been reduced at the start of the year. The holding of emerging markets credit was a small drag on returns - yields on underlying US Treasuries rose, but our preference for wider spread names in this space was helpful.

More positively, there were modest contributions from the exposures to high yield issues and asset-backed securities. The former benefited from the ongoing hunt for yield among investors, which supported credit spreads even as yields on underlying sovereign bonds rose sharply. Currency movements were broadly neutral for returns in aggregate, as the positive return from our long position in sterling versus the euro was largely offset by being long the Indonesian rupiah against the dollar.

Concerning activity, we increased the fund's exposure to high yield credit during the month.

## Outlook/strategy

We maintain our constructive outlook for corporate credit, particularly in higher-yielding markets, which offer greater sensitivity to the economic recovery, a better cushion against rising government bond yields, and potential greater demand from investors seeking that yield.

Source: Janus Henderson Investors, as at 28 February 2021

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## Fund information

**Index**

Euro Short-Term Rate

**Objective**

The Fund aims to target a positive total return, in excess of cash over a rolling three year period, through income and capital gains by investing in a broad range of global fixed income asset classes and associated derivative instruments.

## Performance in (EUR)

Annualised performance %	A2	A2 (with sales charge)^	Benchmark
1 month	-0.9	-5.9	0.0
3 months	-0.4	-5.4	0.0
1 year	4.8	-0.4	-0.3
3 years (p.a)	2.1	0.3	-0.4
5 years (p.a)	2.4	1.4	-0.4
Since inception (p.a)	1.9	1.3	-0.2

Source: at 28 Feb 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.

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

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## Singapore

Janus Henderson Investors

Tel: +65 6813 1000

Fax: +65 6221 0039

Website: [www.janushenderson.com/sg](http://www.janushenderson.com/sg)

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