

# Janus Henderson Horizon Total Return Bond Fund

September 2020

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For professional investors only

## Fund Managers Names

Andrew Mulliner, CFA, Helen Anthony, CFA, Chris Diaz, CFA

## Macro backdrop

After the new highs for US equities in August, September followed with a correction which resulted in broad weakness in risk assets and a solid month for safe-haven government bonds, particularly in Europe and Australia. The main headlines were around US fiscal stimulus (and the absence of an agreement) and the rise in COVID-19 cases in Europe and the US, which threatens to slow the economic recovery.

High yield credit had a weaker month in sympathy with equities (the US High Yield Index fell 1.1%) while the US dollar rallied (US Dollar Index up 1.8%) to register its first positive month since May. Weakness in oil (Brent crude down 9.5%) and emerging market currencies saw emerging market returns lag over the month, with Latin America the weakest and Asia the relative outperformer.

## Fund performance and activity

The fund returned -0.1% in September. The major contributors were government bond strategies and positions in investment grade corporate bonds and asset/mortgage-backed (ABS/MBS) securities. Emerging market credit was a detractor.

Within investment grade credit, holdings in corporate bonds and high-quality ABS/MBS were beneficial for performance, particularly in Europe. Despite the broader weakness in markets, credit spreads remained resilient in these areas. In addition, we continue to look for opportunities to add exposure to high yield corporates as, alongside the supportive tailwinds referenced above, we continue to believe there is further upside potential in specific issuers in spite of the headline macro risks.

Positioning in government bond markets aided returns. In Australia, we held a position in the 5-year part of the curve that performed well. With the Reserve Bank of Australia enacting yield curve control by targeting the 3-year point on the curve at 0.25%, moving slightly further out offers us an attractive incremental pick up in yield. Within Europe, we own exposure to European sovereign debt in Italy and Spain against Germany, expecting the spread between the them to move tighter as volatility subsided, supported by the European Central Bank (ECB) asset purchases and a more stable political backdrop in the near term.

The allocation to emerging market credit detracted in September, as the asset class remains correlated to weakness in risk assets and there were several country specific themes that created volatility for issuers from Argentina, Turkey and Chinese real estate. On a relative basis, the portfolio returns lagged the broader market due to exposure to sovereign bonds where credit spreads widened as macro risks weighed, and weakness in Argentine corporate bonds and the Chinese real estate sector. The period of volatility provided us with an opportunity to add to new issues within both defensive sectors such as gold miners with unhedged production, and cyclical sectors such as homebuilders in China (given state support, Chinese recovery and valuations).

## Outlook/strategy

Despite numerous risks, markets appear to be adapting to the pandemic environment. A return to full-scale shutdowns seems unlikely, fiscal and monetary authorities remain supportive, and the increasing likelihood that a vaccine is deployed globally in the near future offers some optimism to many challenged industries. We are mindful of the potential for a modest rise in government bond yields in the recovery part of the cycle. As a result, we will look to manage interest rate duration tactically, and focus on opportunities to add incremental carry to the portfolio through curve and relative value positions, as well as higher yielding credit.

Source: Janus Henderson Investors, as at 30 September 2020

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## Fund information

Index	Euro Short-Term Rate
Morningstar sector	Europe OE Global Flexible Bond - EUR Hedged
Objective	The Fund aims to provide a return, from a combination of income and capital growth over the long term.
Performance target	To outperform the Euro Short-Term Rate by at least 2.5% per annum, before the deduction of charges, over any 5 year period.

## Performance in (EUR)

Performance %	A2 (Net)	Index	Sector	Quartile ranking	A2 (Gross)	Target (Gross)
1 month	-0.1	0.0	-0.3	1st	-	-
YTD	4.1	-0.4	0.0	1st	-	-
1 year	3.2	-0.5	0.6	1st	-	-
3 years (annualised)	1.4	-0.4	0.7	1st	-	-
5 years (annualised)	1.9	-0.4	1.7	2nd	3.1	2.1
10 years (annualised)	-	-	-	-	-	-
Since inception 09 May 2012 (annualised)	1.8	-0.2	2.0	-	3.1	2.3

Source: at 30 Sep 2020. © 2020 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 %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
30 Sep 2019 to 30 Sep 2020	3.2	-0.5	0.6	4.4	2.0
30 Sep 2018 to 30 Sep 2019	4.3	-0.4	3.7	5.6	2.1
30 Sep 2017 to 30 Sep 2018	-3.2	-0.3	-2.3	-2.1	2.1
30 Sep 2016 to 30 Sep 2017	1.2	-0.3	2.3	2.4	2.1
30 Sep 2015 to 30 Sep 2016	4.3	-0.3	4.4	5.6	2.2

Source: at 30 Sep 2020. © 2020 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.**

# Janus Henderson Horizon Total Return Bond Fund

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

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A copy of the Fund's prospectus, key investor information document, articles of incorporation, annual and semi-annual reports can be obtained free of cost from the local offices of Janus Henderson Investors: 201 Bishopsgate, London, EC2M 3AE for UK, Swedish and Scandinavian investors; Via Dante 14, 20121 Milan, Italy, for Italian investors and Roemer Visscherstraat 43-45, 1054 EW Amsterdam, the Netherlands. for Dutch investors; and the Fund's: Austrian Paying Agent Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna; French Paying Agent BNP Paribas Securities Services, 3, rue d'Antin, F-75002 Paris; German Information Agent Marcard, Stein & Co, Ballindamm 36, 20095 Hamburg; Belgian Financial Service Provider CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid (Registered in Spain under CNMV 353. The Custodian in Spain is BNP PARIBAS SECURITIES SERVICES S.C.A.); Singapore: Singapore Representative Janus Henderson Investors (Singapore) Limited, 138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; or Swiss Representative BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich who are also the Swiss Paying Agent. RBC Investor Services Trust Hong Kong Limited, a subsidiary of the joint venture UK holding company RBC Investor Services Limited, 51/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, Tel: +852 2978 5656 is the Fund's Representative in Hong Kong. [Janus Henderson, Janus, Henderson, Perkins, Intech, Alphagen, VelocityShares, Knowledge Shared, Knowledge Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.