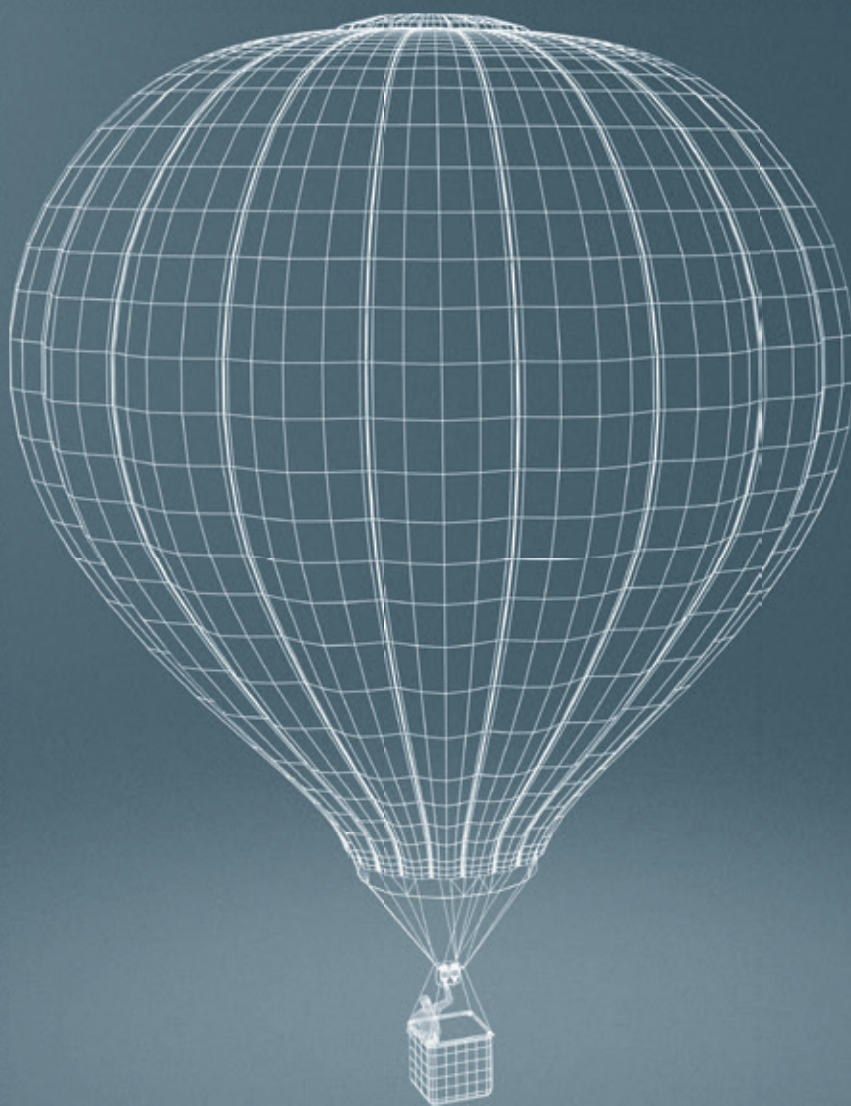


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Five years on:
Janus Henderson Horizon
Global High Yield Bond Fund



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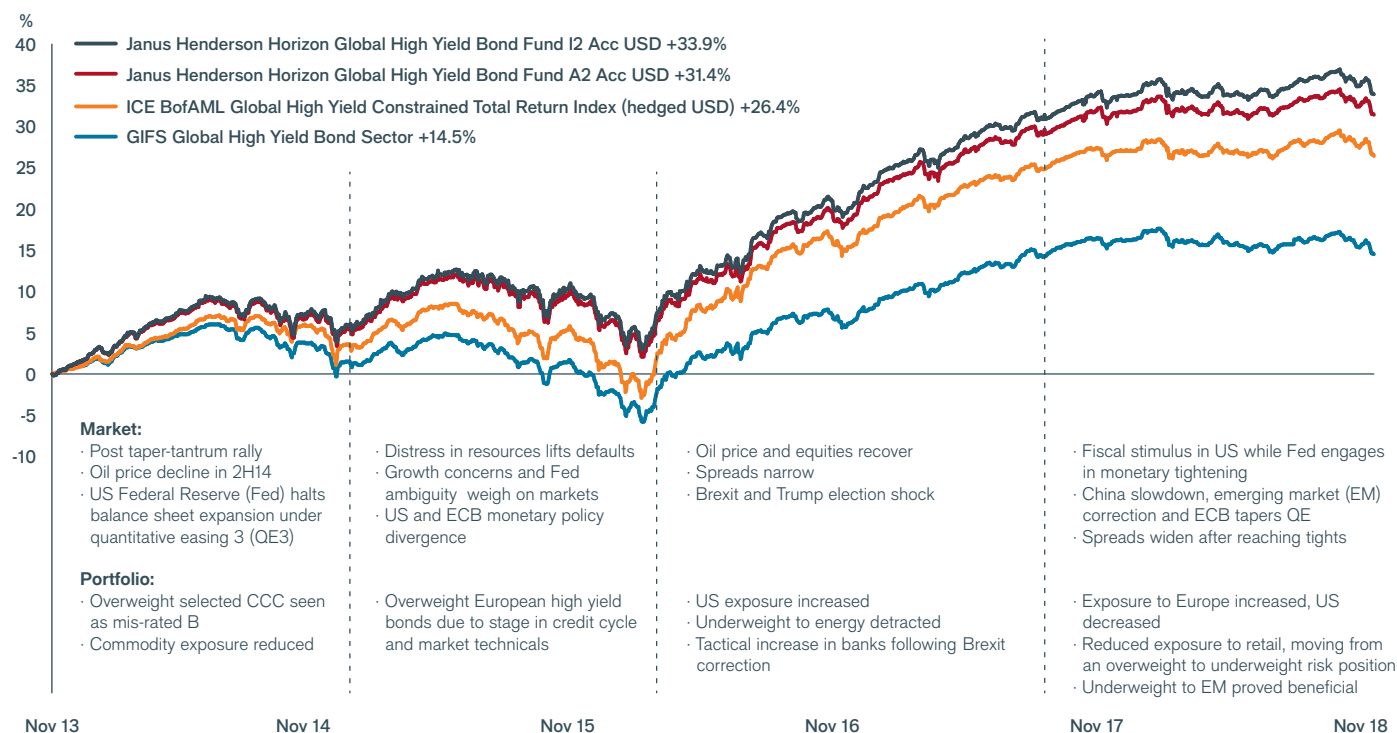
Five years on

Launched on 19 November 2013, the Janus Henderson Horizon Global High Yield Bond Fund is the best performing fund in its peer group and has firmly outperformed its benchmark index over the five years to 19 November 2018. This document sets out what has driven the strong performance and what the fund managers believe is in store for global high yield bonds in the near future.

Performance

In the five years to 19 November 2018, the fund returned 31.4% (A Acc shares) against a peer group average of 14.5% and a benchmark return of 26.4%. Figure 1 charts the performance of the fund and market drivers over the last five years while the table shows that performance has been impressive in all five discrete years, with the fund consistently ranked first quartile.

Figure 1: Cumulative performance, 19 Nov 2013 to 19 Nov 2018



Source: Morningstar, 19/11/2013 to 19/11/2018, cumulative total return, net of fees, in USD. **Past performance is not a guide to future performance.**

Figure 2: Discrete performance table

	Fund (%)	Fund quartile rank	Peer group (%)	Index (%)
20/11/2017 to 19/11/2018	0.3	1	-1.0	-0.1
20/11/2016 to 19/11/2017	10.8	1	9.4	10.1
20/11/2015 to 19/11/2016	8.6	1	5.5	10.2
20/11/2014 to 19/11/2015	2.1	1	-2.7	-0.8
20/11/2013 to 19/11/2014	6.5	1	3.1	5.1

Source: Morningstar, 19/11/2013 to 19/11/2018, performance of A2 Acc USD share class, nav-nav, net of fees, in USD. Quartile rank in Morningstar GIFS Global High Yield Bond, which is also the peer group, benchmark index is ICE BofAML Global High Yield Constrained Total Return Index (hedged USD).

Past performance is not a guide to future performance.

Distinctive qualities

- **Globally integrated.** Managed jointly from both the US and Europe the fund benefits from the local knowledge of portfolio managers and credit analysts in the two major regions of high yield bonds. The collaborative culture means that ideas are rapidly shared and debated and decisions on issuer fundamentals and relative value are taken from a global perspective.
- **Finding value across the risk spectrum.** Credit analysts at Janus Henderson cover both investment grade and high yield. This means they are particularly experienced at understanding the cross-over area that straddles both and which has historically been a source of return. They are equally adept at identifying value in smaller issuers. Top-down guidance on allocation and overall beta (market sensitivity) – taking cues from the credit cycle – helps determine the exposure to credit risk within the portfolio.
- **Identifying credit improvement early.** Janus Henderson's credit analysis aims to detect improvements before the world catches on and they translate into re-ratings, e.g. Tesco, a fallen angel in retail that is concentrating on core competencies to improve cash flow, and Golden Nugget, a CCC rated hotel, casino and restaurant operator, which has delivered a decent string of earnings.
- **Tactical use of derivatives.** We use derivatives such as credit default swaps, typically to buy protection on bonds we do not own in the fund but where we expect a deterioration in credit quality and aim to profit from the bond price weakening, or inversely to take tactical long positions on names we like.

Superior risk-adjusted returns

The strong returns on the portfolio have been achieved without assuming excessive risk, as the chart below demonstrates. Volatility on the fund is approximately average for the sector (see Figure 3). Actively making use of the global opportunity set has also delivered a stronger return than would have been achieved by investing solely in US high yield or solely in European high yield, demonstrating the added value of the fund's global investment process and its wider remit (see Figure 4).

Figure 3: Total return versus volatility in peer group

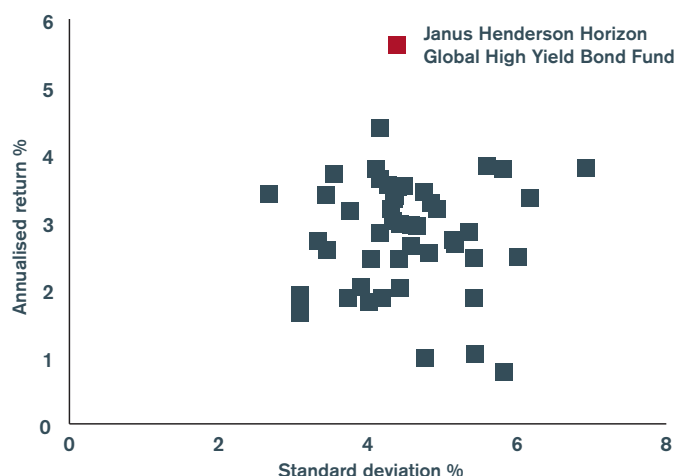
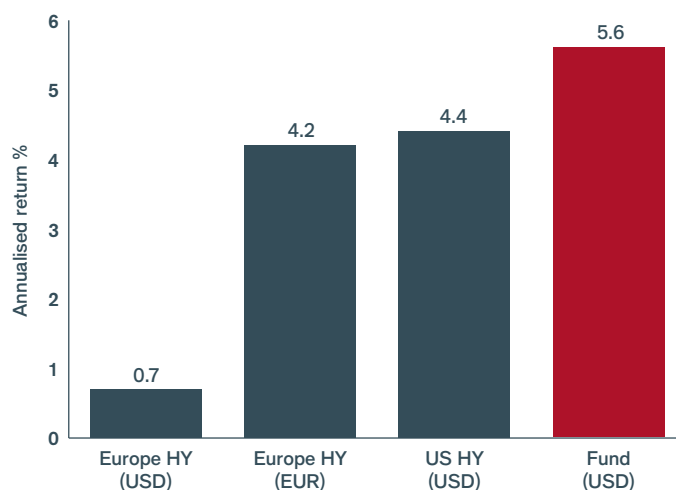


Figure 4: Total return of high yield (HY) indices and fund



Source for Fig 3: Morningstar, Bloomberg 19/11/2013 to 19/11/2018, GIFS Global High Yield Bond sector, total return, primary share class, net of fees, in USD. Volatility is standard deviation of daily returns annualised. Annualised return for the Janus Henderson Horizon Global High Yield Bond Fund A2 Acc USD share class. Source for Fig 4: Same basis for fund as Fig 3; indices from Bloomberg: Europe HY = ICE BofAML European Currency High Yield Index (HP00), total return in USD and EUR, US HY = ICE BofAML US High Yield Index (H0A0), total return in USD. **Past performance is not a guide to future performance.**

Risk management in action

Despite our thorough research process that enabled us to generate strong and consistent risk-adjusted returns since inception, we will not get all of our credit selection right. However, our rigorous research and risk management process prior to entering these trades ensure appropriate position sizing, while our robust process for dealing with underperforming trades aims to ensure that these positions do not detract significantly from performance.

Past performance is not a guide to future performance.

Janus Henderson Horizon Global High Yield Bond Fund

Outlook

We are currently positioned somewhat cautiously overall in the fund due to our view on where we are in the credit cycle. We have tactically increased risk via the European region and conversely reduced our US high yield risk as valuations in the European market became more favourable. On a regional basis, Europe continues to offer more attractive value on a fundamental and on a risk adjusted basis compared to the US as can be seen in the spreads on B rated bonds in Figure 5. Europe is also behind the US in the credit cycle, which together with the fundamentals, contributes to it being the fund's largest overweight position. We have bought some sterling issuers that appear inexpensive on account of Brexit uncertainty. We have also selectively increased risk to emerging market issuers. That said, we are mindful of the challenges emerging markets continue to face and therefore remain underweight risk to emerging markets at the fund level.

Access to capital is still relatively easy and the macroeconomic backdrop, albeit with some lost momentum, remains supportive. Default rates are expected to remain near historical lows. Market volatility means valuations are more attractive than the recent tights and greater dispersion and idiosyncratic risk offers a more amenable environment for active management.

Figure 5: European high yield is cheap to US when adjusted for ratings



Source: Bloomberg, 19 November 2013 to 19 November 2018, Libor option adjusted spreads.

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 investors may not get back the amount originally invested.

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The Janus Henderson Horizon Fund (the "Fund") is a Luxembourg SICAV incorporated on 30 May 1985, managed by Henderson Management S.A. Issued in the UK by Janus Henderson Investors. Janus Henderson Investors is the name under which Henderson Global Investors Limited (reg. no. 906355) (incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE and authorised and regulated by the Financial Conduct Authority) provide investment products and services. Henderson Management S.A. (reg. no. B22848) is incorporated and registered in Luxembourg with registered office at 2 Rue de Bitbourg, L-1273 Luxembourg and authorised by the Commission de Surveillance du Secteur Financier. 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; Singapore Representative Henderson Global 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. © 2018, Janus Henderson Investors. The name Janus Henderson Investors includes HGI Group Limited, Henderson Global Investors (Brand Management) Sarl and Janus International Holding LLC.

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