MONTHLY COMMENTARY | as at 31 March 2024

Janus Henderson INVESTORS

DIVERSIFIED GROWTH FUND

At a glance

Performance*
The Fund returned 1.95%, the Index returned 0.45%

Contributors/detractors
The fund's equity and fixed income holdings contributed positively to performance. Foreign exchange positions also made a small positive contribution.

Outlook
Equity valuations have risen to elevated levels and stocks now need improved earnings to justify the recent rally.

Portfolio management

Oliver Blackbourn, CFA

Nick Harper, CFA

Investment environment

- Global equities rallied further in March, with the MSCI All Country World Index advancing 3.3% in sterling terms and 3.1% in US dollar terms.
- UK equities outperformed the other major developed indices in local currency terms. The FTSE All-Share Index returned 4.8%, compared with a 3.2% return from the S&P 500 Index and a 4.3% rise in Japan's TOPIX Index. The MSCI Europe ex UK Index returned 3.7%. The MSCI Emerging Markets Index rose 2.5% in US dollar terms, driven mostly by gains in Taiwan and South Korea.
- All of the global benchmark's sectors ended higher and there was a visible rotation into cyclical sectors. Energy, materials and utilities topped the rankings, while consumer discretionary, consumer staples and healthcare were among the laggards. Against this backdrop, value-style shares comfortably outperformed growth-style shares.
- Fixed income asset prices rallied (yields fell) after a subdued start to 2024. US Treasury yields finished around 5 basis points (bps) lower while there were double-digit falls in UK gilt and German bund yields. This helped corporate credit indices end higher, aided further by a general tightening in credit spreads. The exception was European high yield bonds, which posted smaller gains as credit spreads widened slightly.
- Commodity prices were boosted by optimism regarding the US and global economy, as well as hopes for interest rate cuts in the near future. Brent crude oil prices rose almost 5% and copper prices rose 4% amid further concerns over tight supply. Meanwhile, gold posted a 9% gain as geopolitical tensions continued to increase.
- Strong returns from energy and banking shares helped UK equities claw back some of their recent underperformance versus the US. Banks outperformed as strong earnings and increased capital returns boosted sentiment. Meanwhile, energy and materials followed oil and industrial metal prices higher. The FTSE All-Share Index's outperformance came despite data confirming that the UK fell into a recession in the final quarter of 2023.
- The US Federal Reserve (Fed), the Bank of England (BoE) and the European Central Bank (ECB) all held interest rates in March. Meanwhile, the Bank of Japan raised rates for the first time since 2007. This brought Japan's era of negative interest rates to an end, but the yen still ended March at a 33-year low versus the US dollar. This provided a further tailwind for Japanese shares in local currency terms, with the Nikkei 225 and

*For benchmark/usage and peer group, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

TOPIX indices finishing March above or near all-time highs.

Portfolio review

The fund's bond, equity and gold allocations all contributed positively to total returns, while alternatives detracted.

The fund's fixed income holdings added 0.8% to total returns. The large government bond allocation contributed the most, while investment grade credit, emerging market debt and high yield bond portfolios also had a notable positive impact.

The fund's equity holdings added 0.9% to total returns. All of the equity regions posted gains. The UK and US portfolios contributed the most, followed by the Europe ex UK, emerging market and Japan allocations. At the position level, the S&P 500 Index holdings contributed most and the First Sentier All China Fund was the biggest detractor.

Elsewhere, foreign exchange positions and cash contributed 0.2%. Despite its small allocation, gold also added 0.2% to total returns. By contrast, the fund's alternatives portfolio contributed 0.1% as gains in the real assets and commodities outweighed a negative contribution from macro-focused strategies. At the position level, in addition to gold, HICL Infrastructure and Greencoat Wind were the biggest positive contributors.

Manager outlook

An improving cyclical outlook and the prospect of more supportive monetary policy in the coming months have maintained the recent compression in credit spreads and rally in equity markets. Various indicators suggest that growth is improving, particularly in the manufacturing sector, as falling inflation has boosted real consumer incomes. At the same time, despite solid growth and above-target inflation, major central banks continue to indicate that they expect to begin cutting interest rates in the coming months.

The economic 'soft landing' continues to look on track, in our view. However, sovereign bond yields remain torn between the expectation of interest rate cuts in the near future and the potential that removing the brake on the economy with inflation yet to return to 2% risks a policy error later down the line. Meanwhile, credit and equities have been more focused on the support to risk assets from an improving growth outlook in the near term. Valuations have risen to elevated levels across both asset classes, and stocks now need improved earnings to justify the recent rally. Sentiment and positioning indicators have again looked stretched, but improving growth and interest rate cuts could be a potent mix for riskier assets.

Performance (%)

Returns	Cumulative 1 Month	3 Month	YTD	1 Year	Annualised 3 Year	5 Year	10 Year	Since inception (06/04/11)
I Acc (Net)	1.95	1.11	1.11	2.81	0.76	3.65	3.85	3.54
Index	0.45	1.32	1.32	5.17	2.51	1.70	1.12	1.03
I Acc (Gross)	—	—	—	—	—	4.50	4.72	4.63
Target	—	—	—	—	—	5.77	5.17	5.07

12 month rolling	Mar 2023-Mar 2024	Mar 2022-Mar 2023	Mar 2021-Mar 2022	Mar 2020-Mar 2021	Mar 2019-Mar 2020
I Acc (Net)	2.81	-3.27	2.87	19.70	-2.29
Index	5.17	2.29	0.14	0.21	0.79

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. 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. **Past performance does not predict future returns.** Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. **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.** Source for target returns (where applicable) - Janus Henderson Investors. This is a representative share class for the fund, other share classes are available and may be more suitable for your investment needs.

Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at www.janushenderson.com.

Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

Investment objective

The Fund aims to provide a return, from a combination of capital growth and income, with volatility lower than that of the MSCI ACWI Index, over the long term.
Performance target: To outperform SONIA by 4% per annum, before the deduction of charges, over any 5 year period.

For the fund’s investment policy, refer to the Additional fund information on page 4.
Past performance does not predict future returns.

Fund details

Inception date	01 March 2011
Total net assets	223.97m
Asset class	Multi-Manager
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	SONIA

For benchmark/usage description, refer to Additional fund information on page 4.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records are detailed on the specific KIID, fees and charges may vary and further information can be found in the fund's prospectus and KIID which must be reviewed before investing. Please consult your local sales representative if you have any further queries. From 7 July 2023 Paul O'Connor no longer manages this fund. From 19 April 2021 the benchmark changed from 3 month GBP LIBOR Interest Rate to SONIA (Sterling Overnight Index Average). The Fund's investment policy and performance target changed. The past performance shown before this change was therefore achieved under circumstances that no longer apply. These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. Any securities, funds, sectors or indices mentioned within this article do not constitute or form part of any offer or solicitation to buy or sell them. The information in this commentary does not qualify as an investment recommendation. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.
SONIA stands for Sterling Overnight Index Average. SONIA reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions. The Bank of England is the administrator for SONIA and they are responsible for its governance and publication every London business day. It is the basis for the performance target of the fund.

Investment policy

The Fund invests in Collective Investment Schemes (other funds including those managed by Janus Henderson and Exchange Traded Funds) to provide diversified global exposure to a range of assets including shares (equities) of companies, bonds issued by companies and governments, and to a lesser extent, alternative assets such as property and commodities. The Fund may also invest in other assets including shares (equities), bonds, cash and money market instruments. The Investment Manager may use derivatives (complex financial instruments) to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to SONIA, as this forms the basis of the Fund's performance target. For currency hedged Share Classes, the rate that corresponds with the relevant Share Class currency is used as the basis of the performance comparison. The Investment Manager has complete discretion to choose investments for the Fund.

Investment strategy

The Investment Manager follows a strategy that combines strategic asset allocation (based on long-term return, risk and correlation expectations of various asset classes), dynamic asset allocation (giving the strategy the flexibility to reflect the team's shorter term market views and to react quickly in times of market stress), and careful underlying fund and instrument selection. The investment process is underpinned by a robust, multi-faceted approach to risk management. The strategy results in a portfolio with exposure to a wide variety of asset classes, both traditional and alternative, in the expectation that investors will benefit from the significant diversification benefits multi-asset investing provides.

Fund specific risks

When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact the value of the Fund due to differences in short-term interest rates between the currencies. The Fund could lose money if a counterparty with which the Fund trades becomes unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider. Shares/Units can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result. An issuer of a bond (or money market instrument) may become unable or unwilling to pay interest or repay capital to the Fund. If this happens or the market perceives this may happen, the value of the bond will fall. When interest rates rise (or fall), the prices of different securities will be affected differently. In particular, bond values generally fall when interest rates rise (or are expected to rise). This risk is typically greater the longer the maturity of a bond investment. The Fund invests in other funds (including exchange-traded funds and investment trusts/companies). This may introduce more risky assets, derivative usage and other risks associated with the underlying funds, as well as contributing to a higher level of ongoing charges. The Fund may use derivatives to help achieve its investment objective. This can result in leverage (higher levels of debt), which can magnify an investment outcome. Gains or losses to the Fund may therefore be greater than the cost of the derivative. Derivatives also introduce other risks, in particular, that a derivative counterparty may not meet its contractual obligations. If the Fund holds assets in currencies other than the base currency of the Fund, or you invest in a share/unit class of a different currency to the Fund (unless hedged, i.e. mitigated by taking an offsetting position in a related security), the value of your investment may be impacted by changes in exchange rates. Securities within the Fund could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses.

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