MULTI-MANAGER DIVERSIFIED FUND

At a glance

Performance*
The Fund returned 1.09%, the Peer Group returned 1.45%

Contributors/detractors
The fund's equity and gold allocations contributed positively to returns, as did the cash and foreign exchange positions. However, government bonds made a negative contribution.

Outlook
Equity valuations have risen to elevated levels and we feel that companies now need to show improved earnings to justify the recent rally.

Portfolio management

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Investment environment

- Global equities had a strong first quarter. The MSCI All Country World Index rose 9.2% in sterling terms and 8.2% in US dollar terms.
- In local currency terms, Japan was the strongest developed market, with an 18% gain from the TOPIX Index, helped by weakness in the yen. The S&P 500 Index also outperformed with a 10.6% gain, while the MSCI Europe ex UK Index rose 8.3% and the FTSE All-Share Index advanced 3.6%. The MSCI Emerging Markets Index rose 2.4% in US dollar terms, weighed down by weakness in Chinese shares.
- Technology, communication services and energy topped the global index's sector rankings. Real estate was the only sector to end lower, while utilities and materials also underperformed. Growth-style shares beat value-style shares over the period, but the performance gap narrowed in March as the rally in equities broadened into traditionally cyclical sectors such as energy, financials and industrials.
- In fixed income, core 10-year government bond yields rose across the board as investors toned down the number of interest rate cuts expected this year. In the US, 10-year Treasury yields ended 32 basis points (bps) higher while yields on the equivalent UK gilt rose by 40 bps. This weighed on credit (corporate bond) returns, but they still posted moderate gains due to tighter credit spreads.
- Commodity prices were boosted by optimism regarding the global economy and the growing consensus that the US Federal Reserve (Fed) will not raise interest rates. Brent crude oil prices rallied 14%, with geopolitical concerns and attacks on Red Sea shipping lanes also playing a role. Copper prices rose 3.6% due to supply concerns. Meanwhile, gold prices rallied strongly from mid-February to end the quarter 8.1% ahead, and set a new all-time high in US dollar terms.

Portfolio review

The fund's equity and gold allocations made positive contributions, while the bond portfolio detracted. Within the fund's fixed income holdings, losses were led by the government bond allocation as core bond yields increased (prices fell, reflecting their inverse correlation). This more than offset gains from the diversified fixed income and emerging market debt holdings. There were smaller positive returns from investment grade credit and high yield bonds.

Most of the equity regions posted gains. The US was the biggest contributor by some distance followed by the Europe ex UK allocation. UK, emerging markets and Asia ex-Japan equities made smaller contributions and Japan was broadly flat. At the position level, the GQG Partners

Marketing communication
Past performance does not predict future returns.
References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.
*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.

US Equity Fund added the most value and the First Sentier's Japan Equity Fund was among the biggest detractors.

Elsewhere, the allocation to physical gold was the strongest positive contributor in alternatives, while foreign exchange positions and cash also contributed positively overall. By contrast, losses in the real assets portfolio offset smaller positive returns from private equity and the macro-focused strategies. At the position level, the Montlake Dunn WMA UCITS Fund was the best performer while BH Macro and HICL Infrastructure were the biggest detractors.

In fixed income we reduced duration exposure by scaling back the allocations to government bonds, while we increased the position in high yield bonds and emerging market debt. In equities, we increased the allocations to North America and Europe ex-UK, and reduced the position in UK and Japan equities. We also increased the fund's alternatives position mainly through topping up positions in real assets.

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 economic 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, corporate bonds and equities have been more focused on the support to risk assets from the improving economic growth outlook in the near term. Equity valuations have risen to elevated levels and we feel that companies now need to show improved earnings to justify the recent rally. Sentiment and positioning indicators have again looked stretched, but improving growth and interest rate cuts could prove a positive mix for riskier assets.

Performance (%)

Returns	Cumulative 1 Month	3 Month	YTD	1 Year	Annualised 3 Year	5 Year	10 Year	Since inception (29/05/91)
I Acc (Net)	1.94	1.09	1.09	3.86	-0.60	1.20	2.00	4.27
Peer Group	1.96	1.45	1.45	5.85	-0.04	1.57	2.56	5.25

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)	3.86	-5.44	0.00	12.61	-4.04
Peer Group	5.85	-5.84	0.21	12.22	-3.54

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. **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 over the long term. Performance target: To outperform the IA Mixed Investment 0-35% Shares sector average, after 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	09 May 1991
Total net assets	24.44m
Asset class	Multi-Manager
Domicile	United Kingdom
Structure	Unit Trust
Base currency	GBP
Peer group	IA Mixed Investment 0-35% Shares sector

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. 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 07 July 2023, Paul O'Connor no longer manages this fund, James de Bunsen and Peter Webster now co-manage this fund. From 11 March 2022, the Fund changed its Investment Policy. The past performance shown before this change was therefore achieved under circumstances that no longer apply. The fund will include investments in various different share classes of split capital investment trust companies and other highly geared shares. Such companies employ borrowing to 'gear up' the assets with the aim of enhancing returns. Where this occurs, shares in such companies will rank after such borrowings, and should those companies' assets fall in value, their ability to pay their shareholders may be affected. You should note that as a result of investing in companies that employ gearing, the price of the fund may be more volatile and could be subject to sudden and large falls in value. If there is a sufficiently large fall in value, you may not get back any of your investment. As the fund invests in such share classes, it may be regarded as higher risk. 100% of the Annual Management Charge is taken from capital. 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.
The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The Fund's ranking within the sector (as calculated by a number of data providers) forms the basis of the Fund's performance target and can be a useful performance comparison against other funds with similar aims. The sector also limits the Fund's exposure to shares of companies (also sometimes referred to as equities) to a maximum of 35%.

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, commodities, private equity and hedge funds. The Fund may also invest directly in other assets including developed market government bonds, investment trusts, cash and money market instruments. The Investment Manager may use derivatives (complex financial instruments) with the aim of making investment gains in line with the Fund's objective, to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the IA Mixed Investment 0-35% Shares sector average, which is based on a peer group of broadly similar funds, as this forms the basis of the Fund's performance target and limits the level of exposure the Fund may have to company shares. The Investment Manager has a high degree of freedom to choose individual investments for the Fund and to vary allocations between asset types within the constraints of the sector.

Investment strategy

The Investment Manager believes that asset allocation opportunities are generated by inefficient markets over short term periods and the Fund's asset mix is actively adjusted to reflect this and to reduce overall risk. The Fund will allocate across regional equities, the entire bond universe, alternative asset classes such as property and commodities and cash in weights cognisant of the benchmark index. Asset allocation views can be formed on the grounds of fundamental research, asset class valuations, market sentiment, investor positioning, news flow, technical factors and diversification. Investments are implemented primarily through actively managed funds, while passive (index tracking) instruments (primarily ETFs or derivatives) are used for short term tactical trades or for low cost implementation of pure macroeconomic views.

Fund specific risks

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. 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. Some or all of the ongoing charges may be taken from capital, which may erode capital or reduce potential for capital growth.

Source: Janus Henderson Investors, as at 31 March 2024, unless otherwise noted.