

# ABSOLUTE RETURN FUND

## Objective and investment policy

- The Fund aims to provide a positive (absolute) return, regardless of market conditions, over any 12 month period. A positive return is not guaranteed over this or any other time period, and particularly over the shorter term the Fund may experience periods of negative returns. Consequently your capital is at risk.
- Performance target: To outperform the Bank of England Base Rate, after the deduction of charges, over any 3 year period.
- The Fund invests in shares and makes extensive use of derivatives (complex financial instruments) to take both 'long' and 'short' positions in companies the investment manager believes will either rise in value (long positions) or fall in value (short positions) meaning that the Fund may benefit from either scenario.
- The Fund will hold a significant proportion of its assets in cash and money market instruments as a result of holding derivatives and for when the investment manager wishes to take a defensive stance. Conversely, the Fund may also employ 'leverage' (so that the Fund can invest a greater amount than its actual value) when the investment manager has greater confidence in the opportunities available.
- Typically, at least 60% of the exposure to the long and short positions (in aggregate) will be to companies of any size, in any industry, in the UK. Companies may be incorporated or headquartered in the UK, deriving significant revenue from the UK, or listed on the London Stock Exchange. Up to 40% of the long and short exposure may be to non-UK companies.
- The Fund is actively managed with reference to the Bank of England Base Rate as this forms the basis of the Fund's performance target and the level above which performance fees may be charged (if applicable). For currency hedged Share Classes, the central bank rate that corresponds with the relevant Share Class currency is used as the basis of the performance comparison and for calculating performance fees. The investment manager has complete discretion to choose investments for the Fund and is not constrained by a benchmark.

## Key fund characteristics

<b>Index</b>	UK Base Interest Rate
<b>Index usage</b>	Target & Comparator
<b>Performance target*</b>	To outperform the Bank of England Base Rate, after the deduction of charges, over any 3 year period.
<b>Launch date</b>	March 2010 (fund) December 2003 (strategy)
<b>Fund size</b>	£2.5bn
<b>Fund managers</b>	Ben Wallace and Luke Newman

Source: Janus Henderson Investors, at 31 December 2021.

\*If index usage refers to a 'target' please read the objective and investment policy section [left within this document] for the definition of the fund's performance target.

<b>Fund return (Q4 2021)</b>	0.5%
<b>Index Benchmark Return (Q4 2021)</b>	0.0%
<b>Net market exposure</b>	28.6%
<b>Gross market exposure</b>	114.9%
<b>Max drawdown since inception</b>	-4.6%

Source: Janus Henderson Investors, at 31 December 2021.  
Quarterly Return is for the H2 GBP share class, net of fees in sterling terms.

## Performance summary (Q4 2021)



**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.**

Source: at 31 December 2021. © 2021 Morningstar. All rights reserved, H2 GBP share class, net of fees in sterling terms. 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. The UK Base Interest Rate is the interest rate set by the Bank of England. It is the performance target of the Fund and it provides a useful comparison against which the Fund's performance can be assessed over time.

## Performance %

GBP		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	Fund	0.10	0.12	0.47	-1.07	1.52	-1.46	0.58	0.85	0.58	-0.80	0.20	0.58	1.62
	Index	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.02	0.02	0.02	0.02	0.02	0.40
2017	Fund	-0.47	0.82	0.70	0.73	0.46	-0.18	0.27	-0.45	0.48	1.13	-0.52	0.23	3.22
	Index	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.04	0.04	0.29
2018	Fund	-0.06	-0.95	-0.33	1.57	0.22	0.06	0.08	-0.61	-0.02	-1.38	-0.97	-0.47	-2.86
	Index	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.06	0.06	0.06	0.06	0.06	0.60
2019	Fund	1.20	1.11	-0.32	0.11	-0.64	0.17	0.24	0.25	0.60	-0.39	0.78	0.94	4.13
	Index	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.06	0.07	0.07	0.07	0.75
2020	Fund	0.81	-0.78	-0.32	0.92	0.11	0.80	0.30	-0.06	-0.07	-1.03	1.37	0.49	2.56
	Index	0.06	0.06	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.23
2021	Fund	-0.51	0.75	1.47	1.31	0.33	0.03	0.77	0.18	-0.85	0.20	-1.41	1.70	4.02
	Index	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.11

Source: at 31 December 2021. © 2021 Morningstar. All rights reserved, H2 GBP share class, net of fees in sterling terms. 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. The UK Base Interest Rate is the interest rate set by the Bank of England. It is the performance target of the Fund and it provides a useful comparison against which the Fund's performance can be assessed over time.

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. 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.

**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.**

## Performance analysis

### Market overview

- Equity markets were volatile throughout the period, initially starting the quarter strong, especially in those sectors positively exposed to rising commodity prices and inflation.
- However, news of the Omicron variant saw a rapid reversal in markets through November, before recovering into the year-end as news of the severity versus previous Covid-19 strains appeared diminished.
- Hawkish shifts by central banks overall failed to stall the rally, with the Fed signalling an acceleration of its tapering programme and the Bank of England raising interest rates for the first time since 2018.

### Performance overview

- The fund returned 0.5% during the quarter (the index returned 0.0%).
- Overall the long book was positive, with companies such as building material suppliers and housebuilders aiding returns due to the overall pro-cyclical backdrop.
- Long positions in companies sensitive to rising bond yields, such as financials, also saw strong share price performance.
- The short book helped protect against the sharp drawdown in markets in November, however it was overall negative for the quarter.

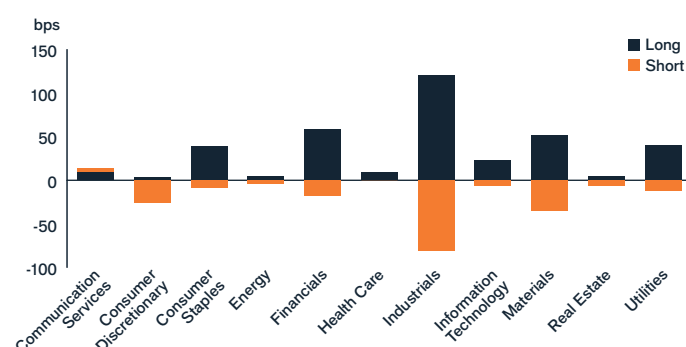
## Performance analysis over the quarter

### Stock level analysis

Key contributors	Sector	Long/short	Total effect	Drivers
RELX	Industrials	Long	+35bps	Upgraded full-year guidance & announced growth above historical trends
CRH	Materials	Long	+23bps	Strong third quarter results
Land Securities	Real Estate	Long	+16bps	Rise in value of central London portfolio
Key detractors	Sector	Long/short	Total effect	Drivers
Flutter Entertainment	Consumer Discretionary	Long	-17bps	Adverse sporting results & increased regulatory scrutiny
Construction company	Materials	Short	-16bps	Pro-cyclical rally
Housebuilder	Consumer Discretionary	Short	-13bps	Pro-cyclical rally

Source: Janus Henderson Investors, at 31 December 2021.

### Sector absolute performance contributions



Source: Factset/Janus Henderson Investors, at 31 December 2021. Excludes index futures

### Drivers

- Long positions within the pro-cyclical industrial and materials sectors were the top performers.
- Longs within the financials sector were also positive, due to their sensitivity to rising bond yields.
- A paired short within the industrials sector was the main detractor.

## Portfolio activity through the quarter

### Core (long-term) book

- Following a period of balanced factor positioning earlier in the year, the fund maintained its modest tilt towards long positions within value-oriented cyclical sectors such as energy, financials and materials.
- This included scaling-up the position in building materials supplier CRH, as well as a number of longstanding positions in banks and speciality insurers.
- Our ESG research also led us to establish longs in packing company Westrock and insulation and building materials installer and distributor TopBuild. Both are outperforming US businesses with strong ESG credentials trading at a significant discount to European peers. This is a trend we will be closely monitoring as regulatory pressure and investor focus could see the US mirror the rapid adoption of the ESG investing framework demanded in European markets.
- Share price weakness following a rights issue also presented an opportunity to increase the fund's holding in Vonovia, where its portfolio of German real estate assets continue to trade at a discount to NAV, while offering an attractive and growing income profile.

### Tactical (short-term/trading) book

- As is customary during volatile markets, trading activity within the fund was elevated, seeking to exploit share price movements, particularly within the newsflow driven sectors of travel, financials and technology. Names initially impacted by the fear of more Covid-19 restrictions – such as contract caterer Compass Group and beverage group Coca Cola – were initially reduced earlier in the quarter, before being bought back in larger size as the market tempered its initial expectations of the variant's impact.
- The fund also benefitted from the increased positions in certain US-listed stocks – such as semiconductor company Sensata Technologies and packaging group Ball Corp – who both having cited supply chain issues through earnings season provided an opportunity to buy back into the shares at a lower valuation in advance of an easing of logistical bottlenecks later in the quarter.

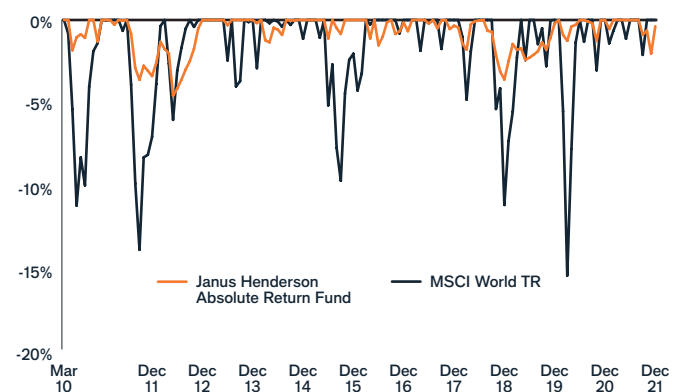
## Portfolio analysis

### Risk analysis

Volatility	2.58%
Beta	0.10
Correlation	0.61
Sharpe ratio	1.23
Sortino ratio	1.20
Up-market capture ratio	20.14
Down-market capture ratio	9.41

Source: Morningstar/Janus Henderson Investors, at 31 December 2021. H2 GBP share class. 3-year realised annualised figures. Beta, correlation, up-market and down-market capture ratio statistics are relative to the MSCI World TR Index. These are provided relative to the MSCI World TR Index for the purpose of demonstrating the fund's diversification benefits relative to traditional long-only equity. The performance target for the fund is the UK Base Interest Rate.

### Drawdown history



Source: Janus Henderson Investors, Datastream at 31 December 2021. H2 GBP GBP share class, net of fees in sterling terms, nav-nav, gross income reinvested. Past performance is not a guide to future performance.

## Positioning

### Gross and net exposure

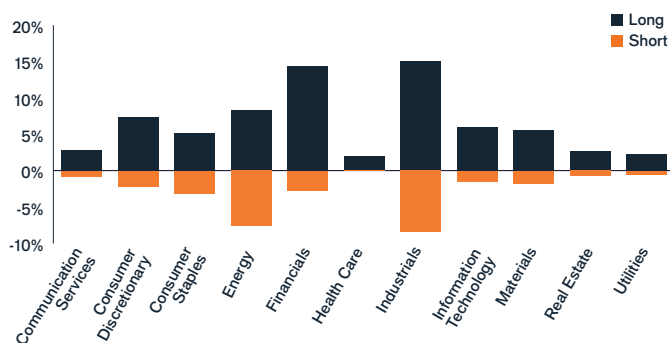


Source: JP Morgan, at 31 December 2021.

### Investment rationale

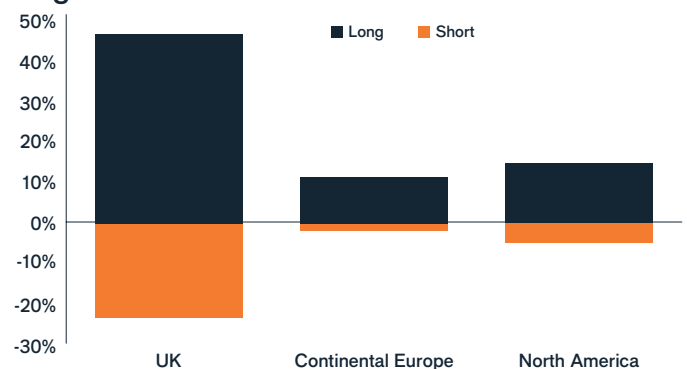
- Gross exposure is a function of the number of ideas, and market volatility.
- Net exposure is driven by bottom-up stock decisions.
- Liquid futures can be used to manage exposures in response to macro events
- The managers remain comfortable being net long or short, based on bottom-up views.

### Sector allocation



Source: Factset/Janus Henderson Investors at 31 December 2021. Excludes index futures.

### Regional distribution



Source: Barra/Janus Henderson Investors, at 31 December 2021.

## Outlook

While positive news around the severity of the Omicron variant gave markets the support they were looking for into the year-end, the risks of a policy error by central banks and supply chain disruption will likely persist in the near term. Meanwhile, inconsistent approaches across

developed markets to the loosening of Covid-19 restrictions and volatility in bond yields as a result of changing economic outlooks demands a high degree of selectivity across both sectors and companies.



## Glossary

Please see <https://www.janushenderson.com/en-gb/adviser/glossary/> for a glossary of financial terms used in this document.



FOR MORE INFORMATION, PLEASE VISIT JANUSHENDERSON.COM

**Janus Henderson**  
INVESTORS

Please note that as of 06 April 2021, the Janus Henderson United Kingdom Absolute Return Fund changed its name to become the Janus Henderson Absolute Return Fund.

### Important Information

The investments underlying this financial product (referred to as the Fund) do not take into account the EU criteria for environmentally sustainable economic activities. While the analysis of ESG factors is an integral component across the Investment Manager's investment capabilities, the Investment Manager does not maximise portfolio alignment with sustainability risks as a separate goal in its own right nor does it precisely attribute the impact of ESG factors on returns for the Fund. The Investment Manager does not consider the adverse impacts of investment decisions on sustainability factors as set out under SFDR with respect to the Fund because it is not classified under either Article 9 or Article 8 of Regulation (EU) 2019/2088.

This document is intended solely for the use of professionals and is not for general public distribution. Any investment application will be made solely on the basis of the information contained in the Fund's prospectus (including all relevant covering documents), which will contain investment restrictions. This is a marketing communication. Please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Past performance does not predict future returns. The performance data does not take into account the commissions and costs incurred on the issue and redemption of units. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. The Fund is a recognised collective investment scheme for the purpose of promotion into the United Kingdom. Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Fund and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Please note that Isle of Man investors will not be protected by statutory compensation arrangements in respect of the Janus Henderson Fund. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

The Janus Henderson Fund (the "Fund") is a Luxembourg SICAV incorporated on 26 September 2000, managed by Henderson Management S.A. A copy of the Fund's prospectus and key investor information document can be obtained from Henderson Global Investors Limited in its capacity as Investment Manager and Distributor. Issued in Europe by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Capital International Limited (reg. no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Equity Partners Limited (reg. no. 2606646), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg. no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg an regulated by the Commission de Surveillance du Secteur Financier). Copies of the Fund's prospectus, Key Investor Information Document, articles of incorporation, annual and semi-annual reports are available in English and other local languages as required from [www.janushenderson.com](http://www.janushenderson.com). These documents can also be obtained free of cost from the Fund's registered office in Luxembourg: 2 Rue de Bitbourg, L-1273 Luxembourg, in Germany: Janus Henderson Investors, Tower 185, Friedrich-Ebert-Anlage 35-37, 60327 Frankfurt am Main, in Austria: UniCredit Bank Austria, Schottengasse 6-8, 1010 Wien, in Spain: offices of the Spanish distributors, a list of which may be obtained at [www.cnmv.es](http://www.cnmv.es) (Janus Henderson Fund is registered with the CNMV under number 259. The Custodian in Spain is BNP PARIBAS SECURITIES SERVICES S.C.A.); in Belgium: Belgian Financial Service Provider CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; in Singapore: Singapore Representative: Janus Henderson Investors (Singapore) Limited, 138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; and in Switzerland from the Swiss representative: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich who are also the Swiss Paying Agent. The summary of Investors Rights is available in English from <https://www.janushenderson.com/summary-of-investors-rights-english>. Henderson Management SA may decide to terminate the marketing arrangements of this Collective Investment Scheme in accordance with the appropriate regulation.

[Janus Henderson, Janus, Henderson, Intech, VelocityShares, Knowledge Shared, Knowledge. Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc. H049618/0122 SICAV