

HORIZON TOTAL RETURN BOND FUND

At a glance

Performance*

The Fund returned 5.76%, the Index returned 1.00% and the Sector returned 5.04%.

Contributors/detractors

The fund's long duration position was the main positive contributor to performance as government bond yields fell further.

Outlook

We expect this environment to be supportive for sovereign bonds, which so far are still lagging historical moves lower in yields as central banks shift to easing mode.

Portfolio management



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Investment environment

- Global bonds enjoyed a remarkable rally over the latter two months of the period, dragging fixed income markets out of a potential third consecutive year of declines. After a difficult October, where sentiment was mired by the conflict between Israel and Hamas and fears of wider escalation, investors took heart from meaningful falls in inflation data and the growing belief that terminal interest rates had been reached. Expectations that interest rate cuts would come sooner than originally predicted were further compounded following the US Federal Reserve (Fed)'s December meeting where policy makers signalled rate cuts of 75 basis points (bps) in 2024.
- Easing inflation, including some significant surprising falls, led to major central banks leaving interest rates on hold over the period. The annual inflation rate in the US Consumer Price Index (CPI) eased from 3.7% in September to 3.1% in November. Meanwhile, US economic growth for the third quarter was revised down to an annualised rate of 4.9% from the previous reading of 5.2%. Elsewhere, eurozone annual inflation fell to 2.4% in November from 2.9% in October, while GDP growth for the area showed a 0.1% decline over the third quarter. In the UK, CPI inflation dropped to 3.9% in the year to November, down from 4.6% the previous month. After a first estimate of no growth, UK

third quarter economic growth was revised down to a contraction of -0.1%.

- Yields peaked in October, and over the quarter as a whole the 10-year US Treasury yield fell 69 bps to 3.88%. The German 10-year bund yield fell 82 bps to 2.02%, while in the UK the 10-year gilt yield fell 90 bps to 3.54%. The Japanese 10-year yield fell 15 bps to 0.61%. Credit market spreads tightened over the quarter.

Portfolio review

The fund's long duration position continued to drive performance as government bond yields fell further.

Exposure to the US, Germany, Australia and the UK contributed positively to performance.

The fund's investment grade bond holdings also aided performance, even though most of this is positioned towards the front and middle of the yield curve (and hence the duration contribution is lower than at other times in the cycle).

Sterling sovereign bonds and corporate bonds outperformed other developed markets.

US agency mortgage-backed securities (MBS) also added value as rates volatility declined, leading to further tightening in mortgage spreads.

Exposure to floating rate asset-backed securities (ABS) and non-agency MBS was a smaller positive contributor, driven by carry.

Marketing communication

For professional investors only

Past performance does not predict future returns.

*For benchmark and sector, 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.

Manager outlook

The catalyst for this recent bond rally has been a growing realisation that terminal rates occurred months ago, driven by continued strong progress in core disinflation.

This is now a game-changer for central bank policy as the next move will likely be rate cuts. Thus, the debate has become when might these cuts happen and to what degree?

We believe rate cuts could come as early as March for the Fed and the European Central Bank (ECB). We expect this environment to be supportive for sovereign bonds, which

so far are still lagging historical moves lower in yields as central banks shift to easing mode.

Corporate credit spreads have been grinding lower and appear priced for a more optimistic outcome in 2024. A downwards turn in employment is normally the fundamental catalyst for a more risk-off environment and for a repricing in credit/equities.

Our base case is still that 2024 provides an opportunity to lock-in to wider corporate bond spreads, so the theme is one of patience.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (09/05/12)
A2 EUR (Net)	3.10	5.76	3.53	3.53	-3.90	-0.11	-0.01	0.48
Index	0.34	1.00	3.30	3.30	0.89	0.34	0.07	0.07
Sector	2.67	5.04	5.65	5.65	-2.06	0.64	0.70	1.15
A2 EUR (Gross)	—	—	—	—	—	1.07	1.20	1.73
Target	—	—	—	—	—	2.85	2.57	2.58

12 month rolling

	Dec 2022- Dec 2023	Dec 2021- Dec 2022	Dec 2020- Dec 2021	Dec 2019- Dec 2020	Dec 2018- Dec 2019
A2 EUR (Net)	3.53	-12.67	-1.85	6.94	4.76
Index	3.30	-0.01	-0.57	-0.55	-0.41
Sector	5.65	-10.61	-0.53	3.23	6.45

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/12/23. © 2024 Morningstar, Inc. All rights reserved. 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.

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.

Investment objective

The Fund aims to provide income and capital growth, exceeding that of cash, over a rolling 3-year period. 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.

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	29 March 2012
Total net assets	360.08m
Asset class	Fixed Income
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	Euro Short-Term Rate
Morningstar sector	Global Flexible Bond - EUR Hedged
SFDR category	Article 8

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

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. With effect from 1 January 2023, the Key Investor Information document (KIID) changed to the Key Information Document (KID), except in the UK where investors should continue to refer to the KIID. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records/scenarios are detailed within the fund's specific KIID/KID; fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID, which must be reviewed before investing. Please consult your local sales representative and/or financial adviser if you have any queries. From 29 January 2023 Andrew Mulliner no longer manages this fund. 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 into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. 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.

Investment policy

The Fund invests in bonds of any quality, including high yield (non-investment grade) bonds and distressed debt, of governments, companies or any other type of issuer in any country. The Fund may invest up to 30% of its assets in asset-backed and mortgage-backed securities (ABS/MBS), including up to 10% of which may be high yield (non-investment grade, equivalent to BB+ rated or lower). The Fund may invest up to 20% of its assets in China onshore bonds traded through Bond Connect. The Fund may invest up to 50% of its net assets in total return swaps. Where investments are made in assets in currencies other than the base currency of the Fund, the Fund will seek to hedge those assets back to the base currency to remove the risk of currency exchange rate movements. The Fund may also invest in other assets including contingent convertible bonds (CoCos), perpetual bonds, cash and money market instruments. The Fund makes extensive use of derivatives (complex financial instruments), including total return swaps, 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 Euro Short-Term Rate, 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 and is not constrained by a benchmark.

Investment strategy

The investment manager follows a highly flexible, 'go anywhere' approach to investing in bonds globally, without restrictions of a benchmark. The disciplined investment process considers the relative risks and potential returns from a wide variety of bond assets while seeking to maintain a moderate level of volatility.

Fund specific risks

The Fund invests in Asset-Backed Securities (ABS) and other forms of securitised investments, which may be subject to greater credit/default, liquidity, interest rate and prepayment and extension risks, compared to other investments such as government or corporate issued bonds and this may negatively impact the realised return on investment in the securities. 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 may invest in onshore bonds via Bond Connect. This may introduce additional risks including operational, regulatory, liquidity and settlement risks. 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. High yielding (non-investment grade) bonds are more speculative and more sensitive to adverse changes in market conditions. 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. The Fund may invest in contingent convertible bonds (CoCos), which can fall sharply in value if the financial strength of an issuer weakens and a predetermined trigger event causes the bonds to be converted into shares of the issuer or to be partly or wholly written off. 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. Callable debt securities, such as some asset-backed or mortgage-backed securities (ABS/MBS), give issuers the right to repay capital before the maturity date or to extend the maturity. Issuers may exercise these rights when favourable to them and as a result the value of the fund may be impacted. Emerging markets expose the Fund to higher volatility and greater risk of loss than developed markets; they are susceptible to adverse political and economic events, and may be less well regulated with less robust custody and settlement procedures. 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.

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Source: Janus Henderson Investors, as at 31 December 2023, unless otherwise noted.

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