Janus Henderson INVESTORS

ABSOLUTE RETURN INCOME FUND

An absolute return income fund designed to

- Provide a cash-plus strategy that seeks to generate a steady income stream and higher returns than a money market fund
- Place a higher priority on seeking capital preservation
- Be a potential diversifier within fixed income allocation

Performance – USD (%)	Q322	1 year	3 year	5 year	Since inception (04/05/16)
Absolute Return Income I2 USD (gross)	0.24	-1.40	0.76	1.87	1.97
Absolute Return Income I2 USD (net)	0.09	-1.99	0.15	1.22	1.30
FTSE 3-Month US Treasury Bill Index	0.45	0.63	0.57	1.13	1.00

Calendar year returns – USD (%)	2021	2020	2019	2018	2017	2016*
Absolute Return Income I2 USD (net)	-0.54	2.40	4.23	1.27	2.29	0.40
FTSE 3-Month US Treasury Bill	0.05	0.58	2.25	1.86	0.84	0.19

Source: Morningstar, as at 30 September 2022 I2 USD share class, net of fees in USD terms, nav-nav, gross income reinvested. **Past performance does not predict future returns.** Performance is cumulative for periods of one year or less, annualised for periods longer than one year. Since inception performance is shown annualised. Inception date is 04 May 2016. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. Please note the performance target is to be achieved over a specific annualised time period. 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.

* Partial year performance from 04 June 2016.

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.

Fund characteristics

Inception date	04 May 2016
Strategy launch date	31 May 2007
Fund assets	$ 119.48m
Portfolio managers	Jason England Daniel Siluk
Performance target	To outperform the FTSE 3-Month US Treasury Bill Index by at least 2% per annum, before the deduction of charges, over any 5 year period.
Index	FTSE 3-Month US Treasury Bill Index[1]
Index usage	Target, Comparator
Duration	0.6 years
Average rating	A-
Average yield-to-maturity	4.9%

Portfolio characteristics as at 30 September 2022. Please see Prospectus for full fund objectives and parameters. Yields may vary and are not guaranteed.

[1] The FTSE 3-Month US Treasury Bill Index Series is intended to track the daily performance target and provides a useful comparison against which the Fund's performance can be assessed over time.

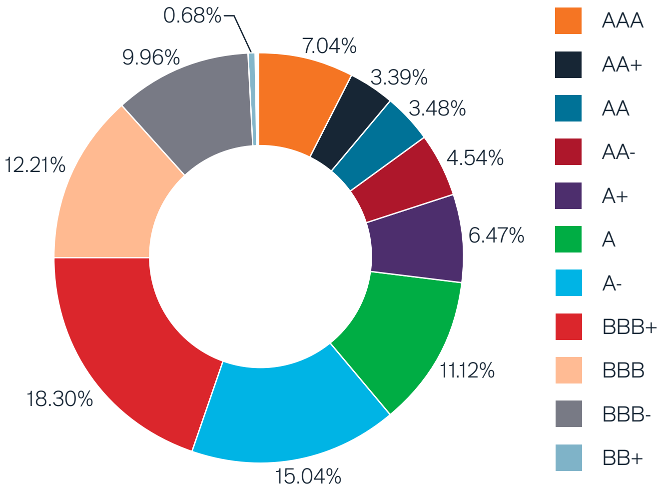
Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

Please note that these ranges are reflective of the portfolio managers' investment process and style at time of publication. They may not be hard limits and are subject to change without notice. Please refer to the Prospectus for the broader parameters within which the strategy may operate. For a list of available share classes, please contact your local sales representative.

Refer to 'Additional fund information' for investment objective & policy, and fund specific risks.

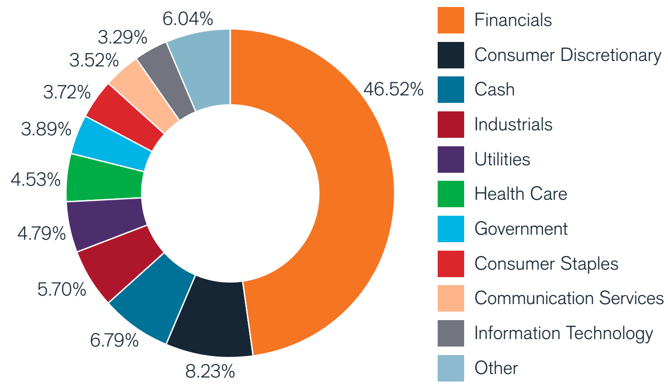
Current positioning

Credit breakdown



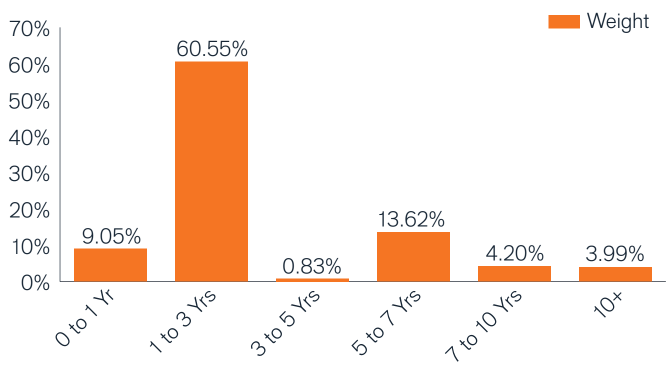
Source: Janus Henderson, data as at 30 September 2022.

Sector breakdown



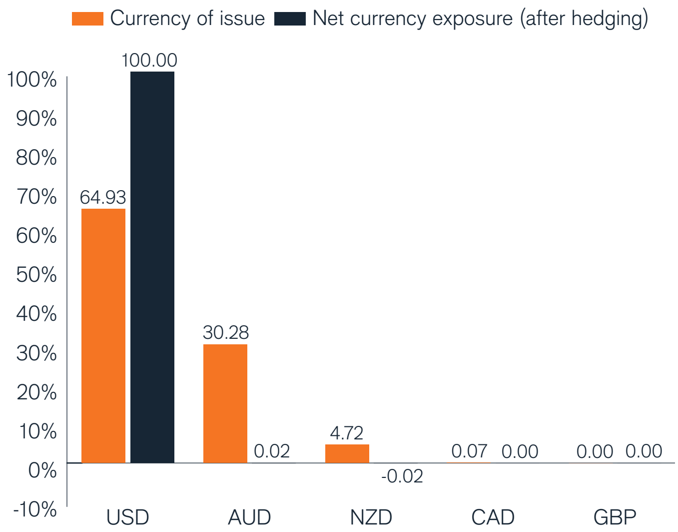
Source: Janus Henderson, data as at 30 September 2022.

Maturity



Source: Janus Henderson, data as at 30 September 2022.

Currency exposure



Source: Janus Henderson, data as at 30 September 2022.

Market environment

Global bonds continued the downward slide that had accelerated after US Federal Reserve (Fed) Chairman Jerome Powell's succinctly hawkish comments at the annual Jackson Hole conclave. Later in the period, another catalyst - this time a poorly received fiscal package by the new UK government - pushed bonds down even further. Rising policy rates exerted acute pressure on the front end of yield curves. The upward move in longer-dated yields was less pronounced as the market grew more concerned about a potentially slowing economy.

Manager comments Q3 22

We seek to generate consistent returns by focusing on higher-quality, shorter-dated credits that tend to offer attractive carry as they near maturity. The bonds most acutely effected in the September sell-off were the shorter-dated maturities that are the focus of this strategy. This ultimately led to the fund's credit allocation generating negative returns for the period. In addition to the effect that higher rates had on these securities, the spreads between their yields and those of their risk-free benchmarks widened as investors acknowledged that policy could tighten until something breaks - likely resulting in a slowing economy.

Offsetting losses, to a degree, were positions that we deployed to hedge the risk of rising interest rates. This tactic generated positive returns given the month's weakness in the rates market.

Outlook

The outlook for the global economy has become more challenged. Driving our view is synchronised - albeit not coordinated - policy tightening across nearly all major economies as central banks fight to stave off the worst effects of elevated inflation. In regions where the post-pandemic recovery never fully blossomed, policymakers face the daunting scenario of stagflation. As evidenced by the bond market's reaction to the UK's government's fiscal proposal, countries that run persistent deficits are at acute risk as the cost of financing these imbalances increases.

Rising real interest rates likely harken the closing chapter of the decade-long run of financial repression where borrowers could feast on cheap and readily available debt financing. Looking forward, we believe both corporations and governments will be scrutinised more closely with respect to their ability to sufficiently cover their debt obligations. While the path to this destination is proving rocky, the end result, in our view, will likely be a more efficient capital transmission mechanism where investors will be fairly compensated for the risks they choose to bear when participating in financial markets.

When the economic history books on the early part of the 21st century are written, an undeniable conclusion in our view, will be that over a decade's worth of quantitative easing failed to stimulate inflation and robust economic growth. Rather, it was the fiscal blowout accompanying the pandemic that finally caused prices to accelerate. But now policy makers are facing the unintended consequences of their largesse. This is especially true in regions that must continue to hike interest rates even as stagflation risks rise and, in the US, where the Fed's laser-focus on backward-looking labour market data is likely to result in recession at some point in the near future.

Still this year's resetting of interest rates at considerably higher levels has given bond investors the opportunity to again potentially benefit from the characteristics that have historically been the hallmark of a fixed income allocation: steady income, diversification from riskier asset classes, and depending upon how effectively the market has priced in future upward moves in interest rates, capital preservation. We believe the first two tenets have arrived but we are more circumspect on the latter as we believe that central banks have more work to do in taming inflation. We expect slowing growth and cooling inflation to be uneven, and this should create opportunities to increase allocations to geographies where policy makers are able to hit the pause button on monetary tightening.

Additional fund information

Investment objective & policy

The Fund aims to provide positive, consistent returns (although not guaranteed) above those that would be earned on cash deposits over time. Performance target: To outperform the FTSE 3-Month US Treasury Bill Index by at least 2% per annum, before the deduction of charges, over any 5 year period. The Fund invests at least 80% of its assets in a global portfolio of bonds of any quality, including high yield (non-investment grade) bonds and asset-backed and mortgage-backed securities, issued by governments or companies. The Fund may invest directly or via derivatives (complex financial instruments). The Fund may also invest in other assets including bonds of other types from any issuer, preference shares, cash and money market instruments. In certain market conditions, the Fund may invest more than 35% of its assets in government bonds issued by any one body. The Fund will not invest more than 15% of its assets in high yield (non-investment grade) bonds and will never invest in bonds rated lower than B- or B3 (credit agency ratings), or if unrated deemed to be of a comparable quality by the investment manager. The investment manager may use 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 FTSE 3-Month US Treasury Bill Index as this forms the basis of the Fund's performance target. The investment manager has a high degree of freedom to choose individual investments for the Fund. The investment manager manages the Fund to act as a 'risk reducer', aiming to provide consistent positive absolute returns in excess of cash with low volatility and capital stability across economic and credit cycles. Exposure to shorter maturity investment grade bonds across global fixed income markets creates steady income generation which is balanced with tactical trades that aim to dampen overall volatility and take advantage of any market mispricing and dislocations. The Fund is benchmark agnostic seeking the best risk adjusted opportunities across sectors and countries.

Fund specific 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. 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. This risk is generally greater the longer the maturity of a bond investment. The Fund invests in high yield (non-investment grade) bonds and while these generally offer higher rates of interest than investment grade bonds, they are more speculative and more sensitive to adverse changes in market conditions. 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. The Fund may use derivatives towards the aim of achieving its investment objective. This can result in 'leverage', which can magnify an investment outcome and gains or losses to the Fund may 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'), the value of your investment may be impacted by changes in exchange rates. When the Fund, or a hedged share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency, the hedging strategy itself may create a positive or negative impact to the value of the Fund due to differences in short-term interest rates between the currencies. 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. 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 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.

Risk indicator refers to I2 USD share class

FOR MORE INFORMATION, PLEASE VISIT **JANUSHENDERSON.COM**

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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.

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