COMMENTARY

Janus Henderson Horizon Emerging Market Corporate Bond Fund

October 2022

Marketing communication - For professional investors only
Past performance does not predict future returns

Fund Managers Names

Herve Biancotto, Ales Koutny, CFA

Investment Environment

The JP Morgan Corporate Emerging Market Bond Index (CEMBI) saw its eighth month of negative total returns this year as it was down 2.1%. The index spread widened 42 basis points (bps) while US Treasury yields continued to surge with the US 10-year yield increasing 21 bps to 4.05%. High yield and investment grade bonds saw similar performance, down 2.0% and -2.1% respectively, masking actual dispersion across the region. Asia (down 4.0%) underperformed all other regions.

The Chinese Communist Party congress reconducted Xi Jinping as leader of the nation for the third time, backed by a partially renewed politburo composed of his supporters. Assumed headwinds for private companies in China seem likely to persist in our view. Consequently, the Chinese corporate bond sub-index fell 5.4%. The US dollar appreciated another 1.5% (nominal, trade weighted) and put pressure on energy importing countries such as the Philippines, which saw inflation soar (up 7.7% for September from 6.9%). Philippines corporate bonds underperformed the region, losing 8.0% due to the unusual absence of local buyers. On the other hand, Latin American companies proved resilient, with the region down just 0.5%. Again, the sub-index performance masks regional disparities as Brazil corporate bonds rallied (up 0.7%) after the first round in general elections put Lula and Bolsonaro much closer than polls had predicted. Conversely, Mexican corporates underperformed the region (down 1.8%).

Within this context, there was not much change in terms of primary activity for emerging market bonds, which was around 25% of the previous years' issuance volume. Outflows from the asset class reached $86 billion year-to-date, due to an extra $13.1 billion (of which $6.5 billion was in hard currency) leaving the asset class in October.

Portfolio Review

The fund underperformed its benchmark over the month.

The fund's exposure to both the Philippines and the issuer Cifi explain this underperformance. The fund had an overweight position to Asia ex-China and Philippines corporate bonds in particular. On top of this Cifi, the Chinese real estate company that benefited from a state-guaranteed scheme to raise new funding onshore, missed a coupon payment on one of its Hong-Kong dollar bonds. Later in the month, the company suspended repayments on offshore bonds, withdrawing from negotiations with bond holders. The rest of the portfolio was and remains defensively positioned, with a short duration bias as the US dollar and US yields kept rising. This helped performance.

Manager Outlook

Exceptional events affecting global supply chains have pushed the world's imbalances to extreme levels. China and energy exporting countries are now fully responsible for global excess savings, funding all other countries' external deficits. Europe, which has historically been a creditor vis-à-vis the rest of the world, is now a debtor due to higher energy imports. Meanwhile, and contrary to what the fashionable topic of reshoring suggests, China's dominance in the world's goods trade surplus has increased in value terms. While most commenters pin China's woes on abandonment of free market policies by Xi Jinping's administration, it seems that they actually result from years of misallocation of capital into non-productive public sector assets. Such structural imbalances typically depress domestic income and accelerate the accumulation of debt. Domestic consumption, as proxied by retail sales and imports, is still extremely subdued, even if the exceptionally depressed levels are a consequence of the Zero-Covid policy and might see a short term reversal. A slowing in global activity, as predicted by leading indicators, will take a toll on the main engine of Chinese growth so far this year. Across other emerging market countries, several central banks mentioned onshore rates may be near their terminal levels; as the US Federal Reserve (Fed) has actually revised its terminal rate higher, the macro theme of this year around the tightening of financing conditions for emerging market countries seems likely to remain intact. The fund remains defensive, with a high cash balance, lower beta than the index and a short duration bias.

Source: Janus Henderson Investors, as at 31 October 2022

Janus Henderson
INVESTORS

Janus Henderson Horizon Emerging Market Corporate Bond Fund

Past performance does not predict future returns

Fund information (Investment policy is on the next page)

Index	JP Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified
Morningstar sector	Europe OE Global Emerging Markets Corporate Bond
Objective	The Fund aims to provide a return, from a combination of income and capital growth over the long term.
Performance target	To outperform the JP Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified by 1.5% per annum, before the deduction of charges, over any 5 year period.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
1 month	-2.6	-2.1	-2.1	-	-
YTD	-19.3	-17.9	-20.5	-	-
1 year	-20.2	-18.1	-21.0	-	-
3 years (annualised)	-5.1	-3.5	-5.1	-	-
5 years (annualised)	-2.1	-0.2	-1.9	-0.8	1.3
Since inception 05 Nov 2014 (annualised)	0.9	1.9	0.3	2.2	3.4

Source: at 31 Oct 2022. © 2022 Morningstar. All rights reserved, 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.

Calendar year returns %	A2 (Net)	Index	Sector
2022 to 30 Sep 2022	-17.2	-16.2	-18.7
2021	-3.3	0.9	-1.4
2020	7.7	7.1	7.2
2019	11.1	13.1	12.1
2018	-3.9	-1.6	-4.1
2017	8.3	8.0	9.8
2016	7.2	9.7	9.7
2015	3.7	1.3	-2.0
2014 from 05 Nov 2014	-1.0	-2.0	-3.9
2013	-	-	-
2012	-	-	-

Source: at 30 Sep 2022. © 2022 Morningstar. All rights reserved, performance is with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the 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.

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 http://www.janushenderson.com.

Source for target returns (where applicable) – Janus Henderson. 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 15 April 2022 Jennifer James no longer manages this fund. Ales Koutny now co-manages this fund. From 18 March 2020 the Fund changed its investment policy. Past performance shown before 18 March 2020 was achieved under circumstances that no longer apply.

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. 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.

Janus Henderson
INVESTORS

Janus Henderson Horizon Emerging Market Corporate Bond Fund

What are the risks specific to this fund?

- 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.
- 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.
- 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.
- 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 onshore bonds via Bond Connect. This may introduce additional risks including operational, regulatory, liquidity and settlement risks.
- 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.
- 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 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.
- 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.
- The Fund may incur a higher level of transaction costs as a result of investing in less actively traded or less developed markets compared to a fund that invests in more active/developed markets. These transaction costs are in addition to the Fund's Ongoing Charges.

General risks

- Past performance does not predict future returns.
- 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 be subject to change.

Investment policy

The Fund invests at least 70% of its assets in bonds of any quality, including high yield (non-investment grade) bonds in emerging markets. The Fund may invest up to 20% of its net assets in contingent convertible bonds (CoCos); asset-backed and mortgage-backed securities; distressed debt; and/or China onshore bonds traded through Bond Connect.

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 bonds of other types (including perpetual bonds) cash and money market instruments.

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 JP Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified, which is broadly representative of the bonds in which it may invest, as this forms the basis of the Fund's performance target. The investment manager has discretion to choose investments for the Fund with weightings different to the index or not in the index, but at times the Fund may hold investments similar to the index.

Janus Henderson
INVESTORS

Janus Henderson Horizon Emerging Market Corporate Bond Fund

For further information on the Luxembourg-domiciled Janus Henderson fund range please contact your local sales office or visit our website: www.janushenderson.com.

Benelux
Janus Henderson Investors
Tel: +31 20 675 0146
Fax: +31 20 675 7197
Email: info.nederlands@janushenderson.com

France/Monaco
Janus Henderson Investors
Tel: +33 1 53 05 41 30
Fax: +33 1 44 51 94 22
Email: info.europe.francophone@janushenderson.com

Germany/Austria
Janus Henderson Investors
Tel: +49 69 86 003 0
Fax: +49 69 86 003 355
Email: info.germany@janushenderson.com

Dubai
Janus Henderson Investors
Tel: +9714 401 9565
Fax: +9714 401 9564
Email: JanusHenderson-MEACA@janushenderson.com

Hong Kong
Janus Henderson Investors
Tel: +852 2905 5188
Fax: +852 2905 5138
Email: marketing.asia@janushenderson.com

Italy
Janus Henderson Investors
Tel: +39 02 72 14 731
Fax: +39 02 72 14 7350
Email: info.italy@janushenderson.com

Latin America
Janus Henderson Investors
Tel: +44 20 7818 6458
Fax: +44 20 7818 7458
Email: sales.support@janushenderson.com

Nordics
Janus Henderson Investors
United Kingdom
Tel: +44 20 7818 4397
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Singapore
Janus Henderson Investors
Tel: +65 6836 3900
Fax: +65 6221 0039
Email: marketing.asia@janushenderson.com

Spain/Portugal/Andorra
Janus Henderson Investors
Tel: +34 91 562 6172
Fax: +34 91 564 6225
Email: info.iberia@janushenderson.com

Switzerland
Janus Henderson Investors
Tel: +41 43 888 62 62 (Zurich office)
Tel: +41 22 810 82 89 (Geneva office)
Email: info.switzerland@janushenderson.com

United Kingdom
Janus Henderson Investors
Tel: +44 20 7818 1818
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Janus Henderson
INVESTORS

Janus Henderson Horizon Emerging Market Corporate Bond Fund

Important information

ESG integration is the practice of incorporating material environmental, social and governance (ESG) information or insights in a non-binding manner alongside traditional measures into the investment decision process to improve long term financial outcomes of portfolios. This product does not pursue a sustainable investment strategy or have a sustainable investment objective or otherwise take ESG factors into account in a binding manner. ESG related research is one of many factors considered within the investment process and in this material we seek to show why it is financially relevant.

This document is intended solely for the use of professionals and is not for general public distribution. This is a marketing communication. Please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions. 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 document is intended as a summary only and potential investors must read the Fund's prospectus and key investor information document before investing. A copy of the Fund's prospectus and key investor information document can be obtained from Janus Henderson Investors UK Limited in its capacity as Investment Manager and Distributor. For sustainability related aspects please access Janushenderson.com. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes. 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 securities included in this document are not registered in the Foreign Securities Registry of the Superintendencia de Valores y Seguros for public offering and, therefore, the use of this document is only for general information purposes. 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. 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.

The Janus Henderson Horizon Fund (the "Fund") is a Luxembourg SICAV incorporated on 30 May 1985, managed by Janus Henderson Investors Europe S.A. Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK 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 Janus Henderson Investors Europe S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and 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. These documents can also be obtained free of cost from the local offices of Janus Henderson Investors: 201 Bishopsgate, London, EC2M 3AE for UK, Swedish and Scandinavian investors; Via Dante 14, 20121 Milan, Italy, for Italian investors and Roemer Visscherstraat 43-45, 1054 EW Amsterdam, the Netherlands. for Dutch investors; and the Fund's: Austrian Facilities Agent Janus Henderson Investors Europe S.A., 2 Rue de Bitbourg, L-1273, Luxembourg; French Facilities Agent BNP Paribas Securities Services, 3, rue d'Antin, F-75002 Paris; German Information Agent Marcard, Stein & Co, Ballindamm 36, 20095 Hamburg; Belgian Financial Service Provider CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid (Registered in Spain under CNMV 353. The Custodian in Spain is BNP PARIBAS SECURITIES SERVICES S.C.A.); Singapore: Singapore Representative Janus Henderson Investors (Singapore) Limited,138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; or Swiss Representative BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich who are also the Swiss Paying Agent. RBC Investor Services Trust Hong Kong Limited, a subsidiary of the joint venture UK holding company RBC Investor Services Limited, 51/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, Tel: +852 2978 5656 is the Fund's Representative in Hong Kong. The summary of Investors Rights is available in English from https://www.janushenderson.com/summary-of-investors-rights-english. Janus Henderson Investors Europe S.A. may decide to terminate the marketing arrangements of this Collective Investment Scheme in accordance with the appropriate regulation.

Janus Henderson, Knowledge Shared and Knowledge Labs are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.

D10003

Janus Henderson
INVESTORS