

# Janus Henderson Absolute Return Income Opportunities Fund

Q2 2020

For promotional purposes  
For professional investors only

**Fund manager names:** Nick Maroutsos and Jason England

## Investment Environment

Global bond markets recovered from their COVID-19 depths as central banks massively expanded balance sheets to support flagging economies. With the Federal Reserve (Fed), European Central Bank (ECB) and other monetary authorities committed to zero or negative interest rate policy for the foreseeable future, yields on government bonds stayed at extremely low levels. Global bond indices generated positive returns, driven almost exclusively by spread tightening on corporate credits.

## Performance Discussion

The fund outperformed its benchmark, the FTSE 3-Month US Treasury Bill Index, for the period.

The strategy seeks to provide long-term positive returns and preserve capital through various market environments by managing portfolio duration, credit risk and volatility.

Returns were driven almost exclusively by the narrowing of the difference between the interest rates on investment grade corporate credits and those on their risk-free benchmark. The fund's exposure to securitised credit also generated positive returns. Also contributing was a position constructed to capitalise on the movement of a basket of currencies relative to the US dollar. Detracting from performance were hedges aimed at lowering credit and duration risk. Over the past several months we have taken aggressive steps to increase the quality of the fund's corporate credit holdings. While we recognise that the income generated by corporate credits will account for an increasing role in overall fixed income performance, our cautious view on a return to steady economic growth in the absence of a COVID-19 vaccine or effective antiviral therapies is causing us to avoid what we consider to be the riskier segments of credit markets. The sectors of the market that we are avoiding – many of which are tied to travel and leisure and others with elevated leverage – we believe could be at risk of a material sell-off should growth flounder even more.

## Manager Outlook

Our concern over longer-term economic growth, corporate profitability and the lingering effects of the global shutdown cause us to continue with more conservative positioning. A large amount of headline data released during June pointed to a cautious tone. Among these were the continued rise in COVID-19 cases and deaths, an increase in US-China tensions - not only with respect to trade but also the pandemic and human-rights issues - and a marked uptick in bankruptcies, including a pioneer in the US fracking industry. Collectively, these have the potential to weigh on supply chains, global growth and, ultimately, the prospects for risky assets.

We remain concerned over further market turmoil and expect to maintain conservative risk exposures. Penalty rates for holding cash have become too painful and we have begun to invest our excess cash into short-term commercial paper with what we consider to be attractive yields. While we doubt these securities will benefit from price increases, we expect the portfolio yield to remain attractive and their inclusion should help insulate the portfolio against additional market volatility. We still consider it necessary to maintain a degree of protection via derivatives against potential defaults that would adversely affect our corporate holdings, and we are keeping duration in the 1.25-year range. We also remain concerned that a longer-than-anticipated lockdown could stress corporate solvencies even further. We will await further information before materially increasing risk positions.

While we remain biased toward lower short-term rates, they have largely been priced in and we have little conviction in the overall direction of rates from where we stand today. Market conjecture of negative US rates, in our view, is premature, but low short-term rates seem a given for the next 12 to 18 months. We are not believers in the consensus view of a steeper yield curve driven by massive deficits and record Treasury bond issuance. Lessons from Japan and Europe demonstrate that longer-term deflation risks combined with central bank purchases override supply concerns.

Bond market liquidity continues to improve. We remain primarily allocated to investment grade securities, biased toward shorter-dated issues. We continue to avoid more volatile or higher beta sectors (such as commodities energy, gaming, tourism and airlines) as well as the regions most affected by the pandemic. We maintain only a modest exposure to China (and only in US dollar-denominated quasi-sovereign issuers) and otherwise nothing in

# Janus Henderson Absolute Return Income Opportunities Fund

---

emerging markets. Despite our cautious outlook, we have no greater concern with default risk than we did before the turmoil began. Our main goal is to buttress the portfolio against a renewed sell-off in risk assets.

Source: Janus Henderson Investors, as at 30 June 2020

# Janus Henderson Absolute Return Income Opportunities Fund

## Fund information

<b>Index</b>	FTSE 3-Month US Treasury Bill Index
<b>Morningstar sector</b>	Morningstar Europe OE Alt - Long/Short Debt
<b>Objective</b>	The Fund aims to provide a return, from a combination of income and capital growth, while seeking to limit losses to capital (although not guaranteed).
<b>Performance target</b>	To outperform the FTSE 3-Month US Treasury Bill Index by at least 3% per annum, before the deduction of charges, over any 5 year period.

Performance %	I Acc (Net)	Index	I Acc (Gross)	Target (Gross)
1 month	0.5	0.0	-	-
YTD	1.2	0.5	-	-
1 year	3.0	1.6	-	-
3 years (annualised)	1.1	1.7	-	-
5 years (annualised)	1.7	1.2	2.7	4.2
10 years (annualised)	-	-	-	-
Since inception (annualised)	1.5	1.0	2.5	4.0

Source: at 30 June 2020. © 2020 Morningstar. All rights reserved, performance is with gross income reinvested.

Discrete year performance %	I Acc (Net)	Index	I Acc (Gross)	Target (Gross)
30 Jun 2019 to 30 Jun 2020	3.0	1.6	4.1	4.6
30 Jun 2018 to 30 Jun 2019	2.5	2.3	3.5	5.4
30 Jun 2017 to 30 Jun 2018	-2.1	1.3	-1.1	4.4
30 Jun 2016 to 30 Jun 2017	3.5	0.5	4.5	3.5
30 Jun 2015 to 30 Jun 2016	1.7	0.1	2.7	3.1

Source: at 30 June 2020. © 2020 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.

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.

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. Refer to the performance target wording within the objective.

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 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.**

# Janus Henderson Absolute Return Income Opportunities Fund

For further information on the Janus Henderson fund range please contact your local sales office or visit our website:

[www.janushenderson.com](http://www.janushenderson.com)

## Benelux

Janus Henderson Investors  
Tel: +31 20 675 0146  
Fax: +31 20 675 7197  
Email: [info.nederlands@janushenderson.com](mailto:info.nederlands@janushenderson.com)

## France/Monaco/Geneva

Janus Henderson Investors  
Tel: +33 1 53 05 41 30  
Fax: +33 1 44 51 94 22  
Email: [info.europe.francophone@janushenderson.com](mailto: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](mailto:info.germany@janushenderson.com)

## Dubai

Janus Henderson Investors  
Tel: +9714 401 9565  
Fax: +9714 401 9564  
Email: [JanusHenderson-MEACA@janushenderson.com](mailto:JanusHenderson-MEACA@janushenderson.com)

## Hong Kong

Janus Henderson Investors  
Tel: +852 2905 5188  
Fax: +852 2905 5138  
Email: [marketing.asia@janushenderson.com](mailto: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](mailto:info.italy@janushenderson.com)

## Latin America

Janus Henderson Investors  
Tel: +44 20 7818 6458  
Fax: +44 20 7818 7458  
Email: [sales.support@janushenderson.com](mailto: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](mailto:sales.support@janushenderson.com)

## Singapore

Janus Henderson Investors  
Tel: +65 6836 3900  
Fax: +65 6221 0039  
Email: [marketing.asia@janushenderson.com](mailto: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](mailto:info.iberia@janushenderson.com)

## Switzerland (Germanic)

Janus Henderson Investors  
Tel: +41 43 888 6262  
Fax: +41 43 888 6263  
Email: [info.switzerland@janushenderson.com](mailto:info.switzerland@janushenderson.com)

## United Kingdom

Janus Henderson Investors  
Tel: +44 20 7818 1818  
Fax: +44 20 7818 1819  
Email: [sales.support@janushenderson.com](mailto:sales.support@janushenderson.com)

## Important Information

**Note to all readers: For institutional/sophisticated investors/accredited investors qualified distributors use only. Not for onward distribution.**

All content in this document is for information or general use only and is not specific to any individual client requirements.

Janus Henderson Capital Funds Plc is a UCITS established under Irish law, with segregated liability between funds. Investors are warned that they should only make their investments based on the most recent Prospectus which contains information about fees, expenses and risks, which is available from all distributors and paying agents, it should be read carefully. An investment in the fund may not be suitable for all investors and is not available to all investors in all jurisdictions; it is not available to US persons. Past performance is not indicative of future results. The rate of return may vary and the principal value of an investment will fluctuate due to market and foreign exchange movements. Shares, if redeemed, may be worth more or less than their original cost. This is not a solicitation for the sale of shares and nothing herein is intended to amount to investment advice.

This document does not constitute investment advice or an offer to sell, buy or a recommendation, nor should it be taken as a basis to take (or stop taking) any decision, for securities, other than pursuant to an agreement in compliance with applicable laws, rules and regulations. Janus Henderson Group plc and its subsidiaries are not responsible for any unlawful distribution of this document to any third parties, in whole or in part, or for information reconstructed from this document and do not guarantee that the information supplied is accurate, complete, or timely, or make any warranties with regards to the results obtained from its use. As with all investments, there are inherent risks that each individual should address.

The distribution of this document or the information contained in it may be restricted by law and may not be used in any jurisdiction or any circumstances in which its use would be unlawful.

This presentation is strictly private and confidential and may not be reproduced or used for any purpose other than evaluation of a potential investment in Janus Capital International Limited's products or the procurement of its services by the recipient of this presentation or provided to any person or entity other than the recipient of this presentation. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

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), AlphaGen Capital Limited (reg. no. 962757), 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 and regulated by the Commission de Surveillance du Secteur Financier).

**Note to Europe Readers:** Issued in Europe by Janus Capital International Limited ("JCIL").

The extract prospectus (edition for Switzerland), the articles of incorporation, the extract annual and semi-annual report, in German, can be obtained free of charge from the representative in Switzerland: First Independent Fund Services Ltd ("FIFS"), Klausstrasse 33, CH-8008 Zurich, Switzerland, tel: +41 44 206 16 40, fax: +41 44 206 16 41, web: <http://www.fifs.ch>. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. The last share prices can be found on [www.fundinfo.com](http://www.fundinfo.com). For Qualified investors, institutional, wholesale client use only.

Austrian investors may obtain the current prospectus and simplified prospectus free of charge at Bank Austria Creditanstalt AG, AM Hof 2, 1010 Wien, Austria. This document is not for public distribution in Belgium. German investors may obtain the current prospectus and simplified prospectus free of charge at State Street Bank GmbH, Brienner Str. 59, D-80333, Munich, Germany. The Fund has been registered under the Act of the supervision of investment institutions in the Netherlands. Dutch investors may obtain the current prospectus, simplified prospectus, annual report, semi annual report and Memorandum & Articles of Association from Citi Funds Services (Ireland) Ltd (in their capacity as administrator). Janus Henderson Capital Funds Plc is an Irish collective investment scheme (IIC) registered in the National Securities Market Commission's (CNMV) registry with registration number 265. Its custodian is Brown Brothers Harriman Trustee Services (Ireland) Limited and its Investment Advisor is Janus Capital International Limited, authorised and regulated by the Financial Conduct Authority. Investors are warned that they should make their investments based on the IIC's latest documentation. You may consult with and request from the distributor (Allfunds Bank, S.A.) and subdistributors in Spain as well as from the registries of the CNMV a copy of the marketing memorandum, the prospectus and the latest published economic reports.

# Janus Henderson Absolute Return Income Opportunities Fund

---

This document is intended to be distributed in Italy only to persons qualifying as professional investors, pursuant to article 31, paragraph 2, of CONSOB Regulation 11522/1998. Any further dissemination of this document to other persons who do not qualify as professional investors is not permitted nor is authorised by Janus Henderson Investors.

PROVIDED IN BAHRAIN, BOTSWANA, ABU DHABI, DUBAI, JORDAN, KAZAKHSTAN, KUWAIT, UAE, OMAN, SAUDI ARABIA, SOUTH AFRICA UPON CLIENT REQUEST FOR RESEARCH PURPOSES ONLY.

The shares are not governed by the laws or regulations of the securities market of Chile.

**Note to Middle East and Africa Readers:** JCIL is regulated by the Dubai Financial Services Authority as a Representative Office. JCIL is authorised and regulated by the U.K. Financial Conduct Authority. The Janus Henderson Capital Funds will be offered and provided by JCIL on a cross-border basis from the United Kingdom only; and Janus Henderson Capital Funds plc. is registered under the legislation of Ireland and will not be and are not intended to be registered or publically offered in or from the territory of Bahrain, Botswana, Abu Dhabi, Dubai, UAE, Jordan, the Republic of Kazakhstan, Kuwait (in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended)), the United Arab Emirates (including the Dubai International Financial Centre) or the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). No transactions will be concluded in the Middle East or Africa and any enquiries should be made to JCIL.

This document and the Fund that it relates to, has not been approved by or filed with the Central Bank of Bahrain, Regulatory Authority of Botswana, Qatar Central Bank, Saudi Arabian Capital Market Authority, UAE Central Bank, the UAE Securities and Commodities Authority or Dubai Financial Services Authority. Jordanian Securities Commission or the Board for Regulating Transactions in Foreign Exchanges, the Financial Superintendence of Colombia or any other relevant licensing authorities or governmental agencies in the Middle East, Colombia, Peru or Africa.

JCIL is not authorised in South Africa for marketing.

**Note to UAE Readers:** The Units are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such Units, and (b) upon their specific request by an entity whose main object or purpose, or one of its objects, is to invest in securities and its investment in the Units would be for its own account and not for the account of its clients or (c) an investment manager with authority to make and execute investment decisions.

**Note to Saudi Arabia:** The interests may only be offered and sold in the Kingdom of Saudi Arabia in accordance with Article 4 of the Investment Funds Regulations issued on December 24, 2006 (the "Regulations"). Article 4(b)[(1)/(4)] of the Regulations states that, if investment fund units are offered to [no more than 200 offerees in the Kingdom of Saudi Arabia/certain persons specified in the Regulations]\* and the minimum amount payable per offeree is not less than Saudi Riyals 1 million or an equivalent amount in another currency, such offer of investment fund units shall be deemed a private placement for purposes of the Regulations. Investors are informed that Article 4(g) of the Regulations places restrictions on secondary market activity with respect to such investment fund units.

Janus Capital Management LLC serves as investment adviser. [Janus Henderson, Janus, Henderson, Perkins, Intech, Alphagen, VelocityShares, Knowledge, Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc. For more information or to locate your country's Janus Henderson Investors representative contact information, please visit [www.janushenderson.com](http://www.janushenderson.com).