COMMENTARY

Janus Henderson Absolute Return Income Opportunities Fund

Q3 2022

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

Fund Managers Names

Jason England, Daniel Siluk, Dylan Bourke

Investment Environment

After having held ground early in the period, global bonds began to weaken in advance of US Federal Reserve (Fed) Chairman Jerome Powell's comments at the annual Jackson Hole conclave. With his remarks more hawkish than expected, bond prices drifted lower. Late 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.

Portfolio Review

The fund underperformed its benchmark, the FTSE 3-Month US Treasury Bill Index.

We seek to provide long-term positive returns and preserve capital through various market environments by managing portfolio duration - which measures a bond price's sensitivity to changes in interest rates - credit risk and volatility.

The quarter was a tale of two halves. Early on, the market had grown more comfortable with the reality that rates would continue to rise until signs emerged that inflation was subsiding. Given the degree to which the front end of the yield curve had moved higher early in the year, the market briefly traded sideways as it assessed how much further monetary tightening would need to go. During this period, the fund's core of cash-based corporate and securitised credits generated positive returns, largely owing to these securities' higher yields generating a greater amount of income.

The bonds most acutely affected once the sell-off resumed 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 affect 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 will 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 during the late-period sell-off.

During the quarter, we maintained a relatively consistent level of duration after having increased this measure earlier in the year once interest rates had materially risen. By period end, portfolio duration was 1.10 years, a level we believe provides opportunity to generate income while still sufficiently cautious, given our view that monetary tightening will continue into 2023.

Janus Henderson
INVESTORS

Janus Henderson Absolute Return Income Opportunities Fund

Manager 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 policymakers are facing the unintended consequences of their largesse. This is especially true in regions that must continue to hike 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 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 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 think this should create opportunities to increase allocations to geographies where policymakers are able to hit the pause button on monetary tightening.

Source: Janus Henderson Investors, as at 30 September 2022

Janus Henderson Absolute Return Income Opportunities Fund

Fund information (Investment policy is on the next page)

Index	FTSE 3-Month US Treasury Bill Index
Morningstar sector	Europe OE Alt - Long/Short Debt
Objective	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).
Performance target	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 in (USD)

Performance %	A2 (Net)	Index	A2 (Gross)	Target (Gross)
1 month	-0.8	0.2	-	-
YTD	-3.4	0.6	-	-
1 year	-4.0	0.6	-	-
3 years (annualised)	-0.4	0.6	-	-
5 years (annualised)	-0.5	1.1	0.9	4.2
10 years (annualised)	-	-	-	-
Since inception 29 Sep 2014 (annualised)	0.1	0.8	1.8	3.8

 Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Discrete year performance %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
30 Sep 2021 to 30 Sep 2022	-4.0	0.6	-	-3.0	3.7
30 Sep 2020 to 30 Sep 2021	0.6	0.1	-	1.6	3.1
30 Sep 2019 to 30 Sep 2020	2.5	1.0	-	3.7	4.1
30 Sep 2018 to 30 Sep 2019	2.3	2.4	2.8	4.2	5.4
30 Sep 2017 to 30 Sep 2018	-3.6	1.6	-2.2	-1.6	4.6

 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.

As of 18 February 2020, the benchmark changed from 3 Month Libor to FTSE 3-Month US Treasury Bill Index. Bond credit quality ratings provided by S&P. Effective 1st March 2019, the Janus Henderson Global Unconstrained Bond Fund has been renamed to the Janus Henderson Absolute Return Income Opportunities Fund. Effective 15 June 2021, Daniel Siluk and Dylan Bourke also manage the fund.

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 Absolute Return Income Opportunities 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 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.
- In addition to income, this share class may distribute realised and unrealised capital gains and original capital invested. Fees, charges and expenses are also deducted from capital. Both factors may result in capital erosion and reduced potential for capital growth. Investors should also note that distributions of this nature may be treated (and taxable) as income depending on local tax legislation.
- 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 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.
- 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 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 involves a high level of buying and selling activity and as such will incur a higher level of transaction costs than a fund that trades less frequently. 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 80% of its assets in a global portfolio of bonds of any quality, including high yield/non-investment grade and unrated bonds, issued by companies or governments, asset-backed and mortgage backed securities.

The Fund may also invest in other assets including 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 investment manager 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 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.

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.

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 Absolute Return Income Opportunities 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.

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.This is a marketing communication. Please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions. 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/Facilities 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 does not predict future returns. 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. For sustainability related aspects please access Janushenderson.com. 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 Henderson Investors International Limited 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.

Issued in Europe 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).

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 www.fifs.ch The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Ile, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com For Qualified investors, institutional, wholesale client use only. 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. 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. As of the 6th of july its custodian is JP Morgan Bank (Ireland) Plc and its Investment Advisor is Janus Henderson Investors 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. The Custodian in Spain is Santander Securities Services, S.A. 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.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.

D10059

Janus Henderson
INVESTORS