

ABSOLUTE RETURN FUND

Objective and investment policy

- The Fund aims to provide a positive (absolute) return, regardless of market conditions, over any 12 month period. A positive return is not guaranteed over this or any other time period, and particularly over the shorter term the Fund may experience periods of negative returns. Consequently your capital is at risk.
- Performance target: To outperform the Bank of England Base Rate, after the deduction of charges, over any 3 year period.
- The Fund invests in shares and makes extensive use of derivatives (complex financial instruments) to take both 'long' and 'short' positions in companies the investment manager believes will either rise in value (long positions) or fall in value (short positions) meaning that the Fund may benefit from either scenario.
- The Fund will hold a significant proportion of its assets in cash and money market instruments as a result of holding derivatives and for when the investment manager wishes to take a defensive stance. Conversely, the Fund may also employ 'leverage' (so that the Fund can invest a greater amount than its actual value) when the investment manager has greater confidence in the opportunities available.
- Typically, at least 60% of the exposure to the long and short positions (in aggregate) will be to companies of any size, in any industry, in the UK. Companies may be incorporated or headquartered in the UK, deriving significant revenue from the UK, or listed on the London Stock Exchange. Up to 40% of the long and short exposure may be to non-UK companies.
- The Fund is actively managed with reference to the Bank of England Base Rate as this forms the basis of the Fund's performance target and the level above which performance fees may be charged (if applicable). For currency hedged Share Classes, the central bank rate that corresponds with the relevant Share Class currency is used as the basis of the performance comparison and for calculating performance fees. The investment manager has complete discretion to choose investments for the Fund and is not constrained by a benchmark.

Key fund characteristics

Index	UK Base Interest Rate
Index usage	Target & Comparator
Performance target*	To outperform the Bank of England Base Rate, after the deduction of charges, over any 3 year period.
Launch date	March 2010 (fund) December 2003 (strategy)
Fund size	£2.6bn
Fund managers	Ben Wallace and Luke Newman

Source: Janus Henderson Investors, at 30 September 2021.

*If index usage refers to a 'target' please read the objective and investment policy section [left within this document] for the definition of the fund's performance target.

Fund return (Q3 2021)	0.0%
Index Benchmark Return (Q3 2021)	0.0%
Net market exposure	30.0%
Gross market exposure	113.7%
Max drawdown since inception	-4.6%

Source: Janus Henderson Investors, at 30 September 2021. Quarterly Return is for the A2 GBP share class, net of fees in sterling terms.

Performance summary (Q3 2021)



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.

Source: at 30 September 2021. © 2021 Morningstar. All rights reserved, A2 GBP share class, net of fees in sterling terms. 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. The UK Base Interest Rate is the interest rate set by the Bank of England. It is the performance target of the Fund and it provides a useful comparison against which the Fund's performance can be assessed over time.

Performance %

GBP		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	Fund	0.06	0.11	0.43	-1.12	1.53	-1.54	0.54	0.87	0.54	-0.85	0.16	0.53	1.22
	Index	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.02	0.02	0.02	0.02	0.02	0.40
2017	Fund	-0.52	0.85	0.66	0.70	0.43	-0.22	0.23	-0.50	0.47	1.09	-0.55	0.20	2.86
	Index	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.04	0.04	0.29
2018	Fund	-0.10	-0.99	-0.37	1.57	0.20	0.03	0.04	-0.66	-0.05	-1.43	-1.01	-0.51	-3.28
	Index	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.06	0.06	0.06	0.06	0.06	0.60
2019	Fund	1.15	1.08	-0.36	0.07	-0.68	0.13	0.19	0.21	0.55	-0.44	0.73	0.89	3.55
	Index	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.06	0.07	0.07	0.07	0.75
2020	Fund	0.84	-0.91	-0.37	0.89	0.09	0.93	0.26	-0.10	-0.11	-1.08	1.33	0.46	2.23
	Index	0.06	0.06	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.23
2021	Fund	-0.55	0.73	1.43	1.27	0.29	-0.01	0.73	0.14	-0.90				
	Index	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01				

Source: at 30 September 2021. © 2021 Morningstar. All rights reserved, A2 GBP share class, net of fees in sterling terms. 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. The UK Base Interest Rate is the interest rate set by the Bank of England. It is the performance target of the Fund and it provides a useful comparison against which the Fund's performance can be assessed over time.

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Performance analysis

Market overview

- Equity markets were initially positive through the quarter, buoyed by reassuring comments from central banks on the delayed timing of interest rate hikes and a strong earnings season. There were also tentative signs that global caseloads of the delta COVID variant appeared to be plateauing.
- However markets ended in risk-off mode on a culmination of central banks signalling their determination to taper asset purchases, supply issues within the energy sector and fears that Evergrande's debt situation could spark an issue for credit markets more widely.

Performance overview

- The fund returned 0.0% during the quarter (the index returned 0.0%).
- Overall the long book was positive, with the net long position in the energy sector aiding returns due to global energy supply issues. The long position in Legal & General was also increased on evidence of rising bond yields and a steepening curve.
- There was noticeable dispersion at the sector level, with some of the fund's more pro-cyclical long holdings within financials and energy contributing, while longs within growth-oriented sectors such as technology detracted.
- The short book helped cushion some of the market weakness in September, however it was overall negative for the quarter.

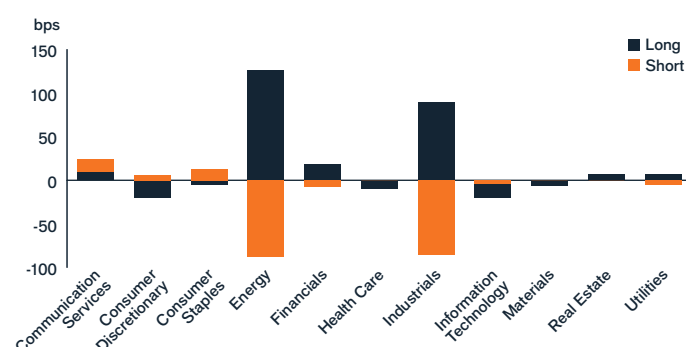
Performance analysis over the quarter

Stock level analysis

Key contributors	Sector	Long/short	Total effect	Drivers
Royal Dutch Shell	Energy	Long	+31bps	Global energy supply issues
Legal & General	Financials	Long	+20bps	Rising bond yields and a steepening curve
Chinese Tech Company (ADR)	Communication Services	Short	+11bps	China tech weakness
Key detractors	Sector	Long/short	Total effect	Drivers
Alphawave	IT	Long	-30bps	Negative press surrounding joint venture
Prosus	Consumer Discretionary	Long	-13bps	China tech weakness
THG	Consumer Discretionary	Long	-10bps	Questions surrounding new technology arm

Source: Janus Henderson Investors, at 30 September 2021.

Sector absolute performance contributions



Source: Factset/Janus Henderson Investors, at 30 September 2021. Excludes index futures

Drivers

- Long positions within the value-oriented energy and industrial sectors were the top performers.
- Longs within the more growth-oriented IT and consumer discretionary sectors were overall marginally negative.
- Paired shorts within the industrials and energy sector detracted.

Portfolio activity through the quarter

Core (long-term) book

- Bottom-up opportunities once again saw the fund tactically deviate from its balanced factor positioning, towards long positions in more value-oriented cyclical names such as within the mining, energy and financial sectors.
- This included scaling-up the position in energy major BP where high free cash flow yields, low levels of capital expenditure and ESG constraints on new activities make the share price attractive.
- The long-standing position in insurer Legal & General was also increased on evidence of rising bond yields and a steepening curve.
- Also topped-up was the long position in DS Smith, where a call with management reaffirmed its attractive valuation in light of being well-placed to benefit from the growth in ecommerce and shift from plastic to paper packaging.

Tactical (short-term/trading) book

- Long positions in a number of mining stocks, including Anglo American and Rio Tinto were tactically traded to take advantage of rising commodity prices and factor rotations within markets.
- The continued challenges for long-haul travel versus the recovery in short-haul saw the fund re-establish long positions in Ryanair and Airbus, while being paired against a European flag carrier airline with a heavy reliance on long haul and businesses travel.
- The tactical long position in AstraZeneca was sold, originally established after the shares were oversold following the announcement of their intended acquisition of Alexion, which completed in July.
- The fund continued to be active in the IPO space, including private equity firm Bridgepoint, which saw strong performance on its debut.

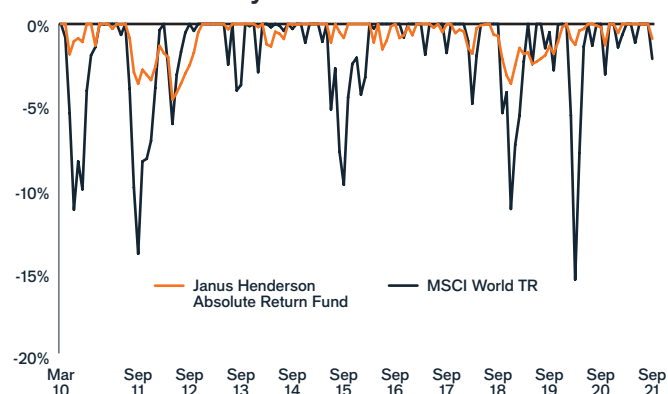
Portfolio analysis

Risk analysis

Volatility	2.61%
Beta	0.10
Correlation	0.64
Sharpe ratio	0.57
Sortino ratio	0.54
Up-market capture ratio	18.21
Down-market capture ratio	11.62

Source: Morningstar/Janus Henderson Investors, at 30 September 2021. A2 GBP share class. 3-year realised annualised figures. Beta, correlation, up-market and down-market capture ratio statistics are relative to the MSCI World TR Index. These are provided relative to the MSCI World TR Index for the purpose of demonstrating the fund's diversification benefits relative to traditional long-only equity. The performance target for the fund is the UK Base Interest Rate.

Drawdown history



Source: Janus Henderson Investors, Datastream at 30 September 2021. A2 GBP share class, net of fees in sterling terms, nav-nav, gross income reinvested. Past performance is not a guide to future performance.

Positioning

Gross and net exposure

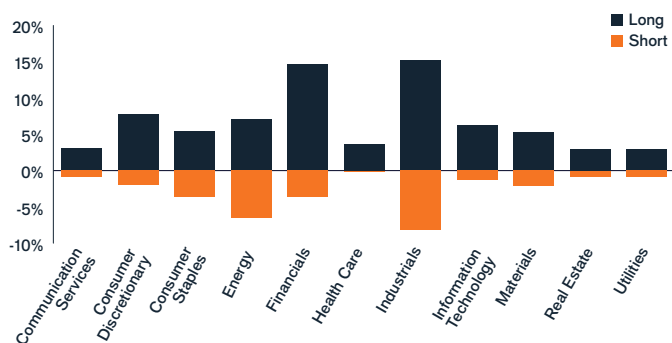


Source: JP Morgan, at 30 September 2021.

Investment rationale

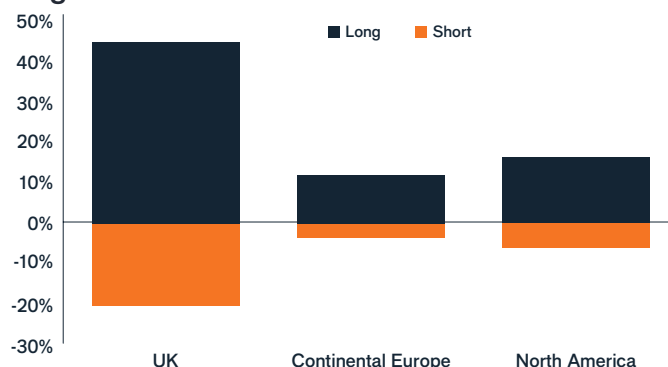
- Gross exposure is a function of the number of ideas, and market volatility.
- Net exposure is driven by bottom-up stock decisions.
- Liquid futures can be used to manage exposures in response to macro events
- The managers remain comfortable being net long or short, based on bottom-up views.

Sector allocation



Source: Factset/Janus Henderson Investors at 30 September 2021. Excludes index futures.

Regional distribution



Source: Barra/Janus Henderson Investors, at 30 September 2021.

Outlook

Uncertainty around the reflation/deflation debate persists with any change in sentiment a key driver of day-to-day market leadership. At the time of writing, the opportunities identified within the financial, energy and travel sectors have once again tilted the fund's exposure to a more value-oriented make-up, and should be beneficiaries of any further steepening of bond yields and inflationary pressures within markets. That said, high levels of stock

dispersion means that the managers remain confident of their ability to generate absolute returns within the various style baskets.

The forthcoming earnings season will be key to determining the share price significance of these issues – particularly whether corporates are able to offset inflationary pressures through price increases, or else face absorbing them into their own margins.



Glossary

Please see <https://www.janushenderson.com/en-gb/adviser/glossary/> for a glossary of financial terms used in this document.

FOR MORE INFORMATION, PLEASE VISIT JANUSHENDERSON.COM

Janus Henderson
INVESTORS

Please note that as of 06 April 2021, the Janus Henderson United Kingdom Absolute Return Fund changed its name to become the Janus Henderson Absolute Return Fund.

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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