SHINING A LIGHT ON THE……
Janus Henderson Absolute Return Income Fund

AT A GLANCE

Investment Objective
A strategy that seeks positive returns above cash by investing primarily in fixed income securities and associated derivatives.

Inception Date	4th May 2016
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000WVEU

Management	
Manager Name	**Start Date**
Nick Maroutsos	4th May 2016
Daniel Siluk	16th May 2016

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 10 Holdings		
Total number of holdings	232	
Assets in Top 10 Holdings	11.92%	
Name	**Sector**	**% of Assets**
Sydney Airport Finance Company Pty Li...	-	1.77%
Bank of America Corporation 2.89%	-	1.59%
Korea Southern Power Co. Ltd 1.86%	-	1.23%
Export-Import Bank of Korea 2.71%	-	1.11%
JPMorgan Chase & Co. 2.84%	-	1.07%
Cardinal Health, Inc. 2.89%	-	1.07%
Bendigo and Adelaide Bank Limited 1.9%	-	1.03%
La Trobe Financial Capital Markets Tr...	-	1.02%
Sumitomo Mitsui Financial Group Inc 2...	-	1.02%
AusNet Services Holdings Pty Ltd 7.5%	-	1.02%

Volatility Measurements	
3-Yr Std Dev (volatility)	7.93%
3-Yr Mean Return (average)	0.73%

FUND PERFORMANCE

Performance from 4th May 2016 to 30 April 2019:

	2016	2017	2018	2019
Janus Henderson Absolute Return Income Fund	17.65%	-6.75%	7.46%	2.50%
Vanguard Global Bond Index	-0.15%	2.00%	-0.11%	7.36%

Performance over 12 months, 3 years, and since launch.

	1 year	3 years	Since launch
Janus Henderson Absolute Return Income Fund	2.64%	1.29%	20.84%
Vanguard Global Bond Index	8.87%	7.60%	9.22%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE….

This is new fund to the UK; the UK version was launched early in 2019. However, there is an Australian version which has been running for over 12 years, and the one that we can get a track record on is the US version which was launched in 2016. The aim of the strategy is to deliver consistent returns with low volatility.

This strategy should be seen an anchor alongside other investments with little correlation to equities. The focus is on liquid investment grade assets in the UK, US, Asia and Australia. About 30% of the fund is in the US, 30% Asia, 25% Australia and the balance in the UK and Europe.

In terms of the global backdrop they see global growth slowing, especially in the US where rates peaked and have now been cut. As rates have been cut, they have been adding to their US exposure. They also feel that the continued monetary easing is just pushing any potential problems down the road. Therefore, this fund could be seen as a safety zone, it won't stop negative returns but for example it has minimal exposure to high yield which is highly correlated to equities.

The fund operates around four pillars – capital preservation which is the pivotal factor, bond allocation, risk and derivatives. In terms of income generation, the focus is on shorter duration credit. The yield foundation is a key component and is about finding the best value. As an example, VW issue debt in various currencies but at present the best value is the Aussie Dollar.

We have touched on the fact that the fund is global diversified and is perhaps different to others in the sector with its weighting to Australia. We used the example of VW, but another example is Airports in Australia. They believe at the moment there are good opportunities within this region. The fund also operates structural alpha as a means of return. This is about making the most of miss pricing in the market. As an example, one trade is Long New Zealand Dollar vs the Australian Dollar where they saw a mispricing.

We have touched on low correlation to other assets classes so although this is globally diversified, unlike other strategies this won't play high yield. It might have a small amount of exposure, but this will never be a high weighting. The final part is volatility which they aim to keep below 1%. It is difficult to test this as the version we have looked at has considerably higher volatility.

In summary, this is a defensive style strategy that has been tested over the last 12 years, although it is hard for us to comment on this. In terms of volatility they expect this to be around 1.5% but the US version has much higher figures, so again something we can't test. In terms of returns these are not expected to be high but cash plus 1 to 2%. It really is seen as an anchor to provide some downside protection in a period of increased volatility. Without really being able to test elements of this, investors may wish to wait until the UK version builds some track record.

The source of information in this note has been provided by Janus Henderson and is correct as at November 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.