INVESTMENT REPORT

Janus Henderson Global High Yield

Investeringsforeningen Wealth Invest - Janus H High Yield Obligationer

1 January 2025 - 31 March 2025

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Janus Henderson INVESTORS

CONTENTS

Please remember that 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 as a result of market and currency fluctuations and you may not get back the amount originally invested.

Questions about terms used in this report?
Click here to visit our glossary.

EXECUTIVE SUMMARY

Strategy Overview

The investment objective of the Strategy is to provide high current income generation and, where appropriate, capital appreciation.

Performance

For the quarter ending 31 March 2025, the portfolio underperformed its benchmark, the ICE BofA Developed Markets High Yield Constrained Index EUR Hedged on a gross of fees basis.

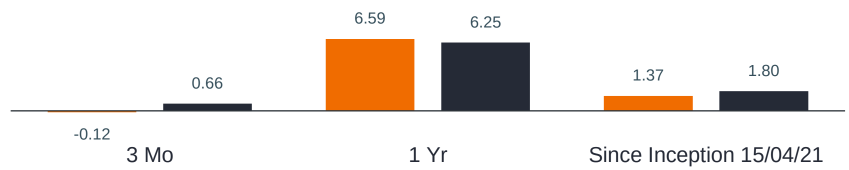
Market Environment

The ICE BofA Developed Markets High Yield Constrained Index (hedged to euros) posted a total return of 0.7% over the first quarter. Excess returns (versus equivalent govt debt) were negative. High yield bond markets started the year on a relatively strong footing on optimism about looser monetary policy and relative immunity from the volatility caused by President Trump's trade threats and the release Chinese-developed AI model DeepSeek. However, US HY bond spreads widened in March as risk sentiment weaken driven by uncertainty around the US's trade tariff policy and its potential effect on US inflation and economic growth. In addition, economic data releases were not well received, such as weaker-than-expected business and consumer confidence indicators and higher core PCE inflation. The technical backdrop was supportive within the European HY market, given very few new deals coming from blackout periods ahead of earnings releases combined with continuous inflows to the asset classes. In February, European HY bond spreads tightened on positive expectations the EU economy given tail events such as positive fiscal policy post the German election. However, spreads widened in March, as investor anxiety about US tariff threats outweighed optimism about the prospect of increase in European defence spending. Government bonds were volatile over Q1. The 10-year Treasury yield hit its highest level in more than a year in mid-January due to expectations of longer tighter borrowing conditions. It declined thereafter and strengthen in February and March as disappointing Nvidia results, negative US data surprises and growing hopes of an additional Fed rate cut this year. In Europe, the German 10-year bund yield increased sharply in early March due to expectations of a surge in government spending. The Fed kept interest rates at 4.5% while the European Central Bank made two 25 basis points (bps) interest rate cuts, lowering its key deposit rate to 2.5%. Yields were mixed, with the 10-year Treasury yield falling 36 bps to 4.21% and the German 10-year yield rising 37 bps to 2.74%. European HY bonds posted positive excess returns and outperformed the negative return EM and US counterparts. In the US, all ratings categories posted negative excess returns and followed a decompression trend; lower-quality CCC-rated bonds lagging and higher-quality BB-rated bonds outperforming. The opposite in Europe, CCC-rated bonds performed strongly while BB-rated and B-rated bonds performed broadly in line.

Summary Snapshot

Gross Performance Results

Portfolio ■ Benchmark

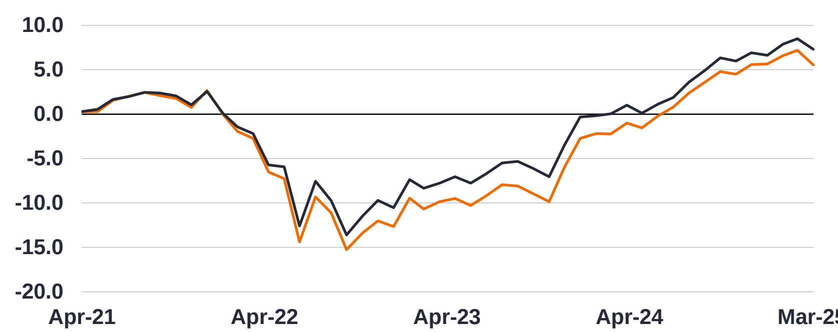


Portfolio Overview

Valuation	QTD (kr)	YTD (kr)
Beginning Market Value	1,156,193,832	1,156,193,832
Contributions	39,628,548	39,628,548
Withdrawals	-13,392,170	-13,392,170
Change in Market Value	-3,391,289	-3,391,289
Ending Market Value	1,179,038,921	1,179,038,921

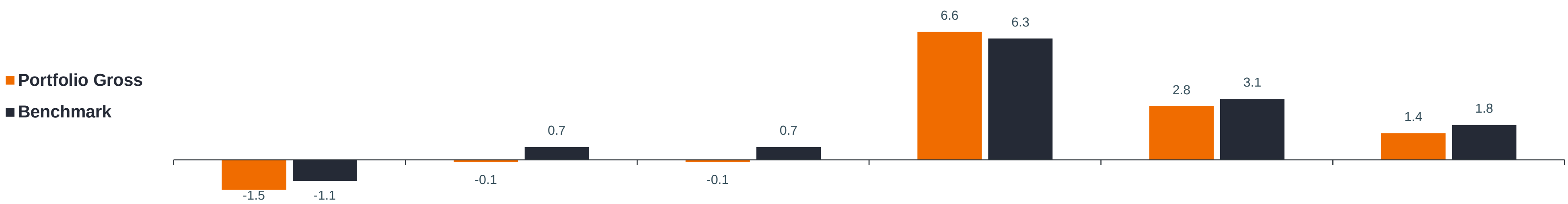
Performance Since Inception

Portfolio ■ Benchmark



Characteristic	
Effective Duration Weighted	3.26
Effective Yield Weighted	7.39
Effective Spread Duration Weighted	3.18
Average Rating	B

Performance Summary



	MTD	3 Mo	YTD	1 Yr	3 Yr	Since Inception 15/04/2021
Portfolio Gross	-1.55	-0.12	-0.12	6.59	2.76	1.37
Benchmark	-1.08	0.66	0.66	6.25	3.14	1.80
Gross Difference	**-0.46**	**-0.78**	**-0.78**	**0.34**	**-0.38**	**-0.43**

Returns for periods over one year are annualised. All returns are calculated on a total return basis. Refer to the back page for performance calculation information. Returns are gross of fees, unless otherwise stated. Performance figures are calculated using the time weighted rate of return methodology to provide the investment return achieved.

Differences may be due to rounding.

Portfolio Discussion

Security selection and sector allocation detracted from performance. The fund's credit beta position relative to the benchmark also detracted.

At the sector level, the fund's underweight allocations to real estate and telecommunications and an overweight position in basic industry detracted from performance, while an underweight position in leisure contributed positively. In security selection, basic industry was the main detractor along with healthcare, financial services and retail which also performed negatively. Selections in consumer goods and technology and electronics contributed to performance.

At the issuer level, US nursing home provider RG Care hurt performance. The bonds suffered on the back of concerns about the impact of the new US administration's healthcare policy plans, particularly around operating changes or spending cuts to Medicaid, the funding programme for healthcare operators. US-based Nielsen, which specialises in measuring audience data for traditional linear TV, also detracted from performance. The switch from linear to streaming TV is an ongoing theme in the US, as the more popular – and more profitable – sports content becomes increasingly available on streaming channels. In January, Disney announced plans to merge its Hulu+ Live TV service with streaming platform Fubo. This news led to a sell-off in Neilsen's bonds, with investors concerned about the company's future profit and loss. We exited the position as we feel its revenues will be under pressure. Elsewhere, an overweight position in building products manufacturer Wilsonart, where fourth-quarter results in Europe were softer, detracted from returns. We are still constructive on Wilsonart; we like its non-cyclical business model and its 50% market share with three competitors, so pricing power is solid, in our view.

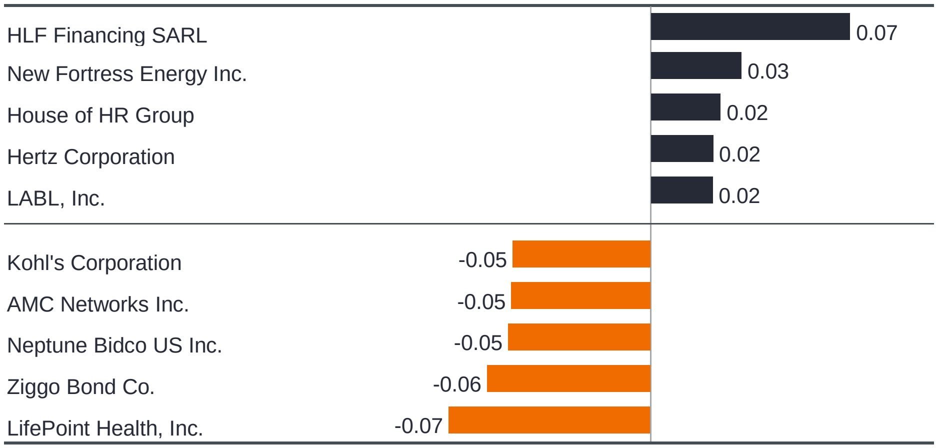
Conversely, nutrition company Herbalife contributed to performance after reporting another strong earnings beat and raising guidance. The company is

Portfolio Discussion (continued)

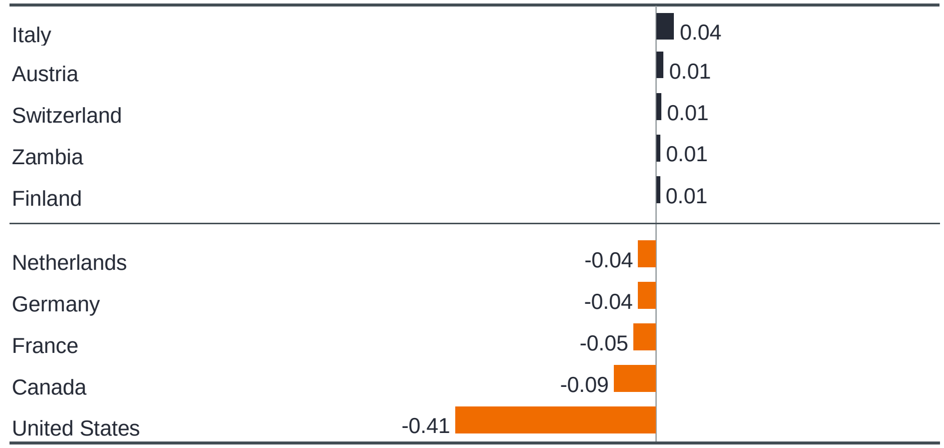
still in the midst of an operational turnaround as it tries to reinvigorate its distributor base after notable turnover coming out of the pandemic. That said, the company generates significant free cash flow (FCF), which it has essentially fully committed to debt reduction over the next four plus years. Its bonds continue to trade very cheap, despite being a performing credit with strong FCF, low leverage and sufficient liquidity. We remain overweight the credit. Italian recycled packaging company RDM also contributed, while avoiding car rental company Hertz was additive, after its bonds sold-off following the introduction of auto tariffs from the US administration.

ATTRIBUTION

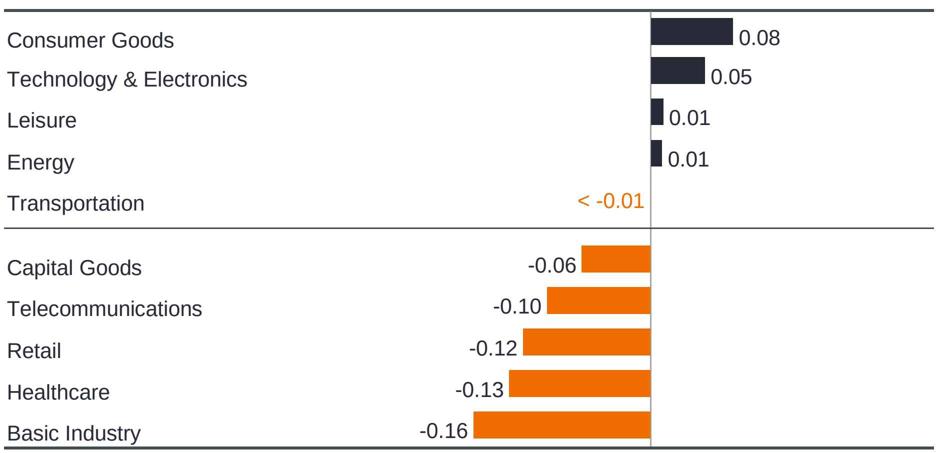
Quarterly - Attribution by Issuer (%)



Quarterly - Attribution by Country (%)



Quarterly - Attribution by Industry (%)



PORTFOLIO PROFILE

Janus Henderson INVESTORS

Top Issuers (%)	Portfolio	Benchmark
Tallgrass Energy Partners LP / Tallgrass Energy Finance Corp	2.03	0.17
OneMain Finance Corp	1.99	0.45
American Airlines Inc/AAdvantage Loyalty IP	1.85	0.35
Univision Communications	1.72	0.34
LifePoint Health	1.71	0.23
Charter Communications Operating LLC / Charter Communications Operating Capital	1.61	1.42
Standard Industries Inc/NY	1.49	0.34
Organon & Co / Organon Foreign Debt Co-Issuer	1.46	0.34
Pinnacle Bidco	1.37	0.07
Rand Parent	1.32	0.05
Total	**16.55%**	**3.76%**

PORTFOLIO PROFILE

Janus Henderson INVESTORS

Characteristic	
Effective Duration Weighted	3.26
Effective Yield Weighted	7.39
Effective Spread Duration Weighted	3.18
Average Rating	B

Asset Allocation Weightings (%)	Portfolio	Market Value (kr)
Non-Government	94.67	1,116,198,948.24
Cash and Derivatives	4.55	53,617,919.92
Asset Backed	0.44	5,136,391.43
Equities	0.35	4,085,661.65
Total	**100.00%**	**1,179,038,921.24**

The positions listed as equity are convertible bonds

Risk Statistics	Portfolio	Benchmark
Beta (3 Year Trailing)	1.05	--
R-Squared (3 Year Trailing)	--	--
Annualised Excess Return (3 Year Trailing)	-0.38	--
Annualised Alpha (3 Year Trailing)	-0.36	--
Annualised Standard Deviation (3 Year Trailing)	8.44	8.01
Sharpe Ratio (3 Year Trailing)	0.00	0.04
Tracking Error (3 Year Trailing)	1.06	--
Information Ratio (3 Year Trailing)	-0.35	--

Credit Quality (%)	Portfolio	Benchmark
AAA	--	--
AA	--	--
A	--	--
BBB	1.67	0.13
BB	35.52	56.60
B	44.90	33.09
CCC & Below	12.11	10.15
Not Rated	1.25	0.03
Secured Loans	--	--
Equities	--	--
Cash and Derivatives	4.55	--
Total	**100.00%**	**100.00%**

The bond listed as BBB on the benchmark was upgraded during the period, and has left the index.

PORTFOLIO PROFILE

Country (%)

	Portfolio	Benchmark	Difference
United States	60.24	67.59	-7.35
United Kingdom	9.61	5.32	4.29
Canada	5.15	4.18	0.98
Cash and Derivatives	4.55	–	4.55
France	3.67	4.99	-1.33
Germany	3.12	2.79	0.33
Sweden	2.14	1.07	1.07
Australia	2.13	0.49	1.64
Netherlands	2.10	1.44	0.66
Other	7.29	12.12	-4.83

Other includes: Ireland, Italy, Finland, Zambia, Chile, Luxembourg, Austria, South Africa, Spain, Puerto Rico, Japan, Greece, Portugal, Switzerland, Belgium, Slovenia, Denmark, Norway, Guatemala, Mexico, Cyprus, Cayman Islands, Tanzania, Moldova, Ukraine, Turkey, Estonia, Latvia, Israel, Burkina Faso, Brazil, Singapore, Morocco, Lithuania, Gambia, Poland

Sector (%)

	Portfolio	Benchmark	Difference
Basic Industry	15.25	8.96	6.30
Retail	10.24	6.43	3.81
Financial Services	8.46	6.56	1.90
Media	7.38	6.67	0.71
Capital Goods	6.78	6.07	0.71
Transportation	6.71	2.23	4.48
Healthcare	6.65	7.42	-0.77
Technology & Electronics	5.03	4.28	0.75
Services	4.89	6.17	-1.28
Cash and Derivatives	4.55	–	4.55
Telecommunications	4.41	8.73	-4.32
Utility	3.53	4.51	-0.98
Energy	3.49	9.24	-5.76
Real Estate	3.35	4.40	-1.05
Automotive	2.71	4.39	-1.67
Consumer Goods	2.65	3.26	-0.61
Leisure	2.02	6.02	-3.99
Insurance	1.25	2.28	-1.03
Banking	0.65	2.37	-1.73

Outlook

We have become more uncertain on the outlook for high yield credit. Shortly after the end of the reporting period, the US announced new tariffs on 2 April. These were worse than expected and sent shockwaves through global financial markets.

At the time of writing, investors are grappling with the potential for economic slowdowns in the US and eurozone, which could adversely affect corporate earnings and increase default risks. This has led to a reassessment of credit spreads and bond prices. That said, while high yield credit spreads have loosened, they remain considerably tighter than relatively recent global sell-offs, such as the Covid pandemic and the sharp decline in the last quarter of 2018 (which was also partly prompted by tariffs).

Our overall outlook remains cautious as market participants navigate the complexities of the new trade environment. However, we continue to maintain a positive outlook on the economic backdrop, while recognising that increased volatility could result in wider spreads.

We expect technicals to remain a positive tailwind. High yield bonds were not short of buyers in 2024 despite a notable rise in supply, and we think this can continue through most of 2025. Better-quality high yield, we believe, should still generate investor appetite as declining interest rates encourage a search for yield. There is a risk that companies bring forward issuance to the first half of 2025 to try and get ahead of any fallout from tariffs. Similarly, the prospect that the Fed may not cut rates as much as hoped for by the markets could also leave more indebted borrowers scrambling to secure finance, putting some upward pressure on spreads. We think dispersion will become more evident as the year progresses as more distressed borrowers get separated from the stronger.

We remain active in the primary and secondary markets, taking advantage of the new issue pipeline. However, we are scrutinising companies to see what percentage of their revenues come from the US, given tariffs are likely to cause issues to earnings over the coming years.

Default rates have remained modest and stressed areas of the market have been well telegraphed. We take comfort from the fact that leverage levels (debt/earnings) are at or below average levels for the last 20 years in the US and Europe. While interest cover ratio (earnings/interest expense) has fallen from recent highs, it is simply reverting closer to historical average levels, given the higher interest rates today compared with a few years ago. We continue to position the portfolio to benefit from a positive credit backdrop, but remain focused on relative and idiosyncratic value while also managing risks in order to deliver attractive risk-adjusted returns.

DISCLOSURES

Performance Disclosure

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Attribution Disclosure

Attribution data shown is based on the Brinson model.

Where shown, Attribution data sourced from Factset and Janus Henderson Investors.

Asset Allocation Disclosure

The positions listed as equity are convertible bonds

Credit Quality Disclosure

The bond listed as BBB on the benchmark was upgraded during the period, and has left the index.

Valuation Disclosure

The total assets under management (AUM) figure excludes the impact of any AMC fee rebates which will be made during the following quarter.

DISCLOSURES

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This document has been produced based on Janus Henderson Investors' research and analysis and represents our house view.

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Returns are shown gross of fees, unless stated otherwise. Fee structures can be found in your IMA and net of fee performance can be made available upon request.

Performance figures for clients invested in single pooled accumulation unit funds, are calculated using the monthly close of business price of the product held. If your portfolio has purchased or sold a pooled fund and that transaction has occurred on a swung price, the monetary impact of the swung price is not captured. Where appropriate we will provide the monetary impact separately. For other clients, performance is calculated using the time weighted rate of return methodology.

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