

# EMEA Securities Lending Policy

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# 1 Overview

## 1.1 Policy Statement

Janus Henderson Investors (“JHI”) is entrusted with the assets of our clients for investment purposes. The Securities Lending Policy (hereafter, “the Policy”) is in place to ensure that Securities Lending transactions are carried out in the best interests of JHI’s funds and their investors.

## 1.2 Key principles

- Securities Lending is carried out for the benefit of the fund, and ultimately investors in the fund.
- The funds will lend assets in accordance with the Securities Lending programme and will not exceed the maximum value of the fund that can be lent, as laid out in the relevant statutory documents including the Prospectus.
- There is ongoing monitoring of the investment and operational aspects of Securities Lending activity, as well as the ability to recall securities out on loan on any business day. Note that Securities Lending is within scope of JHI’s Global Credit Risk Policy.
- Appropriate collateral should be received against securities lent in line with relevant regulatory obligations and the Prospectus.
- There is appropriate oversight of the collateral received, and the creditworthiness of the counterparty who has borrowed assets of the fund.

## 1.3 Scope

This Policy sets out the rules, limits and procedures for EMEA-domiciled funds managed by JHI which are authorised to engage in Securities Lending activity. All other funds are out-of-scope of this Policy.

This policy will be reviewed on an annual basis.

## 1.4 Roles and Responsibilities

Operations provide daily oversight of the Securities Lending function to ensure that all programme parameters set are adhered to in line with the Regulations, Securities Lending Legal Agreements and Service Level Documents. Additional oversight is performed by Compliance in line with the funds requirements.

### 1.5 References

#### EU Shareholder Rights Directive 2

*“An asset manager must disclose on an annual basis to each of its institutional investors how its investment strategy and implementation of such strategy complies with what they have agreed” and “must include reporting on [amongst other things] the asset manager’s policy on securities lending.”*

[Chapter 1(b), Article 3(i)(1)]

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017L0828>

#### EU & UK Securities Financing Transactions Regulation

<https://eur-lex.europa.eu/eli/reg/2015/2365/oj>

<https://www.legislation.gov.uk/eur/2015/2365/contents#>

#### ESMA Guidelines on ETFs and other UCITS issues

<https://www.esma.europa.eu/document/guidelines-etfs-and-other-ucits-issues-0>

#### FCA Handbook, COLL 5.4 Stock Lending

<https://www.handbook.fca.org.uk/handbook/COLL/5/4.html>

### 1.6 Escalation Requirements

You should report any known or suspected violations of this policy to Risk and Compliance or senior management. You can also report violations via the incident management form within the governance, risk management and compliance system (GRC/BWise). If you feel uncomfortable using any of these avenues, you can also anonymously report violations to our independent hotline provider via the web at [janushenderson.ethicspoint.com](http://janushenderson.ethicspoint.com) or telephone at 844.765.6701 (US), 0808.234.9715 (UK), or AT&T Direct Access Code + 844.765.6701 (Other). Although the Company will not retaliate against anyone for making a good faith report, failure to report violations may lead to appropriate disciplinary action.

## 2 Definitions

Securities Lending is a market practice where shares, stocks, debentures, bonds notes or other securities are temporarily transferred from one party (lender) to another party (borrower), in exchange for a fee. The borrower is under an obligation to return the loan either on demand or at the end of the agreed term. The terms of the loan are governed by a Securities Lending Agreement. Collateral in the form of securities of value equal to or greater than the loaned securities is provided by the borrower to the lender to protect the lender from any potential loss.

## 3 Policy Requirements

### 3.1 Initiating Securities Lending for a Fund

- Funds that are authorised to carry out Securities Lending should consider the risks of these transactions to the funds and their investors, and how that risk should be managed.
- Relevant parties may be appointed to carry out Securities Lending transactions on behalf of a fund, including a Securities Lending Agent. Their appointment should be subject to approval by the relevant governing body, and subject to a written contract that specifies which securities can be lent out, the

quality and level of collateral that can be received, and commercial details including how revenue received will be shared between the fund and Securities Lending Agent. This could also involve obtaining an indemnification from the Securities Lending Agent to protect the lending fund in the event of a borrower default.

- If appointed, the Securities Lending Agent should ensure that a decision to enter into a Securities Lending transaction is made in the best interests of all investors in the fund.
- The fund should receive all revenues from Securities Lending activities if it bears the risk (less reasonable fees and expenses retained by the Agent Lender); it should otherwise receive fair and reasonable revenue if the risk from such activities is borne outside of the fund (e.g., if the lending activity is subject to indemnification from the Agent Lender).
- Portfolio Managers may elect to opt out of the Securities Lending activities if they deem that to do so is in the best interest of their fund's investors, or if they deem that Securities Lending activity is not appropriate for their investment style. These decisions will be made by the Fund Manager and shared with Operations to record the decision and restrict the funds from Securities Lending activities.

### 3.2 Client communications

- A fund's ability to enter into a Securities Lending transaction is set out in the prospectus or other statutory documents. The prospectus or other statutory documents should also describe the risks of engaging in Securities Lending and information on its usage.
- Details of Securities Lending activity carried out on a particular fund should be found in the fund's annual report.

### 3.3 Ongoing Monitoring of Securities Lending activity

- Daily oversight of the Securities Lending programme should be performed by JHI as investment manager.
- The Securities Lending Agent should appropriately monitor Securities Lending transactions, including the maximum percentage of Net Asset Value (NAV) of the fund which can be lent out (as set out in the funds statutory documents) and the value of collateral received.
- Regular oversight of the Securities Lending Agent, including monthly and quarterly performance reviews, should be performed by JHI.
- A decision may be made not to loan, or to recall, any securities based on JHI's engagement activities with investee companies. This will be monitored and managed by the Governance and Responsible Investment team and/or the Portfolio Manager.

## Appendix 1

No Appendices.