

DIVERSIFIED CREDIT FUND

A well-diversified portfolio of Australian and global credit securities for investors seeking higher yielding risk-adjusted outcomes over time.

Objective

The Janus Henderson Diversified Credit Fund (“Fund”) seeks to achieve a total return before fees that exceeds the total return of the Bloomberg AusBond Bank Bill Index (“Benchmark”) by 2.00% p.a. over rolling three year periods.

About the Fund

The Fund is an actively managed portfolio of Australian and global higher yielding securities that seeks to provide investors with a diversified exposure to a wide range of fixed interest securities including corporate debt, asset backed securities, secured loans and emerging markets corporate debt securities.

Investment philosophy

Janus Henderson’s Australian Fixed Interest Team (“Team”) believes that credit markets are at times influenced by short-term factors that can temporarily distort prices from fair value levels.

The Team believes that the application of a sound valuation framework and a commitment to a medium term investment horizon makes it possible to exploit market inefficiencies at any, or a combination of the overall market, sector or individual security levels.

The Team also believes that a focus on liquidity and diversification are often under-appreciated by the market, but can prove to be advantageous during periods of market dislocation.

By following these tenets, the Team aims to deliver competitive risk-adjusted returns for clients over time.

Investment process

The Team’s investment process begins from a top-down perspective given the strong correlation between the broader health of the economy and the risks associated with a company’s credit risk.

Through this process the Fund utilises the full resources of the Team, leveraging the expertise of Janus Henderson’s global team of investment professionals. The Team conduct regular reviews of the latest economic releases and formulate detailed economic forecasts of both growth and inflation using proprietary econometric models. In addition, the Team make an assessment of where we are in the credit cycle in terms of aggregate gearing, profitability and defaults. Fundamental measures and input from the global team enables the Team to form a view on the overall value of credit markets and the optimal asset allocation across both regions and sectors from a risk-adjusted return perspective.

From a bottom-up perspective, the Team’s credit research uses a three phase review process to determine which securities are purchased and their weighting in the Fund:

- **Credit analysis:** Assessment of quality, price and the diversification benefits to the portfolio
- **Pricing for risk:** An assessment of “fair value”
- **Investment guidelines:** Sector exposures and concentration limits

The final stage of the process is portfolio construction. The Team’s proprietary risk tool is used to construct the portfolio through the measurement of interest rate risk, sector risk, credit risk and exposure by security type.

By following this process, the Team seeks to construct a well-diversified, actively managed portfolio of domestic and global credit securities that aims to offer the best risk-adjusted returns within the Funds risk framework.

Asset allocation ranges

	Indicative asset allocation range (as % of NAV) ¹
Cash and short term securities	0-50
Corporate debt	0-100 ²
Australian hybrids	0-70
Australian asset backed securities	0-50
Global high yield credit	0-25 ²
Global secured loans	0-20 ²
Emerging markets corporate debt	0-10 ²

¹ The maximum aggregate exposure to sub-investment grade securities will not exceed 50% of NAV.

² The maximum aggregate global exposure will not exceed 50% of NAV.

Key reasons to invest in the Fund

Exposure to investment opportunities: Access to investment opportunities from around the world that individual investors may not be able to achieve on their own.

Professional expertise: Access to a highly experienced investment management team with a proven track record of managing higher yielding fixed interest portfolios.

Global presence: Access to the investment knowledge and expertise of Janus Henderson's global network of investment professionals.

The Team

The Team manages assets across the full spectrum of the fixed interest universe. This ranges from cash portfolios to long duration bond portfolios and covers a wide range of issuers extending from governments to corporations and asset backed securities.

The team of eight investment professionals have been managing fixed interest portfolios for over 19 years. The Team manages in excess of \$14bn (as at 30 June 2021) on behalf of a wide range of institutional and retail clients.

Key facts about the Fund

APIR code	IOF0127AU
ASX mFund	JHI04
Inception date	Oct-12
Risk profile	Medium
Minimum recommended investment period	3 years
Investment management fee	0.55% p.a.
Indirect costs	0.02% [^]
Buy/Sell spread	0.10%/0.20%*
Unit pricing frequency	Daily
Income distribution	Monthly (if any)
Modified duration	0 to 3 years

Please refer to the Product Disclosure Statement for further information.

[^]Based on costs incurred during the financial year ended 30 June 2021.

*Current buy/sell spread became effective as at 20 September 2021. For more information and most up to date buy/sell spread information visit www.janushenderson.com/en-au/investor/buy-sell-spreads.

Researcher ratings (for adviser use only)



Platform availability

- BT Wrap
- Hub 24
- mFund
- BT Panorama
- IOOF Pursuit
- Netwealth

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INVESTORS

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