

Janus Henderson Australian Fixed Interest Fund – Institutional

Our investment approach is fundamentally driven and seeks to take advantage of situations where market pricing has become misaligned with economic and investment fundamentals.

Objective

The Janus Henderson Australian Fixed Interest Fund – Institutional (“**Fund**”) seeks to achieve a total return after fees that exceeds the total return of the Bloomberg AusBond Composite 0+ Yr Index (“**Benchmark**”), over rolling three-year periods.

About the Fund

The Fund is an actively managed portfolio of high quality interest bearing securities that seeks to provide a high level of capital protection. Janus Henderson’s Australian Fixed Interest Team (“**Team**”) seeks to add value to the Benchmark using a combination of active strategies including duration and yield curve management (actively managing the maturity profile of securities within the Fund), sector allocation and security selection.

Investment philosophy

The Team’s investment approach is fundamentally driven and seeks to take advantage of situations where market pricing has become misaligned with economic and investment fundamentals.

The Team believes that investment markets are at times, influenced by non-fundamental factors that cause prices to periodically overshoot their fair value levels. For Australian fixed interest portfolios, the biggest inefficiency that the Team seeks to exploit is the disproportionate impact that short term factors have on the valuation of long term securities.

Using an active approach, the Team seeks to add value relative to market benchmarks by identifying these situations and constructing portfolios to capture value as these mispricings unwind. In Australian fixed interest, this can occur in the absolute level of interest rates, the shape of the yield curve, the relative value between sectors or the pricing of individual securities.

Investment process

The Team follows a three stage portfolio construction process:

1. Fundamental research

The Team initiate the investment process with fundamental research including:

- **Economic outlook:** i.e. driving interest rate management
- **Market research:** i.e. sector allocation
- **Credit research:** i.e. security selection

This research allows the Team to identify periods where there is a gap between market/security pricing and the team’s estimates of fair value. The size of these gaps will determine the interest rate, sector and security strategies determined from the second stage of the investment process.

2. Strategy formulation

The Team apply a range of strategies that include duration and yield curve management (actively managing the maturity profile of the Fund), sector rotation and individual security selection.

From a bottom-up perspective, our credit research uses a three stage filter to determine which securities, and in what magnitude, they find their way into 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

3. Portfolio construction

Our proprietary risk tool is used to construct the Fund through the measurement of interest rate risk, sector risk, credit risk and exposure by security type.

Key reasons to invest in the Fund

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

Local expertise: Access to a highly experienced Australian based team with a proven track record of managing fixed interest portfolios for over 22 years.

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

Key facts about the Fund

APIR code	IOF0113AU
Inception date	August 2002
Risk profile	Medium
Minimum recommended investment period	3 years
Investment management fee	0.35% p.a.
Buy/Sell spread	0.00% / 0.00%
Unit pricing frequency	Daily
Income distribution	Quarterly (if any)
Minimum credit rating (security level)	BBB-
Minimum credit rating (portfolio level)	A

Please refer to the Product Disclosure Statement for further information.

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 22 years. The Team manages in excess of \$13bn (as at 31 December 2018) on behalf of a wide range of institutional and retail clients.

About Janus Henderson Investors

Formed in 2017 from the merger between Janus Capital Group and Henderson Group plc, we are committed to adding value through active management. For us, active is more than our investment approach – it is the way we translate ideas into action, how we communicate our views and the partnerships we build in order to create the best outcomes for clients.

We are proud to offer a highly diversified range of products, harnessing the intellectual capital of some of the industry's most innovative and formative thinkers. Our expertise encompasses the major asset classes, we have investment teams situated around the world, and we serve individual and institutional investors globally. As at 31 December 2018, we have \$466.6bn in assets under management, more than 2,000 employees and offices in 28 cities worldwide. Headquartered in London, we are an independent asset manager that is dual-listed on the New York Stock Exchange and the Australian Securities Exchange.

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