

Sustainability-related disclosures for Private Suite - Janus Henderson Strategic Bond

This document provides you with a summary of sustainability-related information available on our website about this financial product. It is prepared in relation to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088. The information disclosed is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

Date of Publication: 13 December 2023

Legal entity identifier 549300FYQ988GBSMQO03

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| <p>Summary</p> | <p>This Sub-fund promotes environmental or social characteristics. The Investment Manager identifies the sustainable investments according to SFDR on the basis of UN SDGs as described in more detail below in the section "Methodologies". No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund. The indicators used to measure the attainment of each of the environmental or social characteristic promoted by the Sub-fund are:</p> <ul style="list-style-type: none"> • the absence of investments in securities that are on the exclusion list as result of the application of the exclusion policy. The Investment Manager excludes investment in sectors which deems to be harmful from an SRI/ESG perspective or which do not follow good governance practices. The Sub-fund complies with an exclusions policy which refers to: i) the production, maintenance, sales and storage of weapons of mass destruction (WMD); and ii) the extractive activities, production and distribution of electricity connected with thermal coal, the energy source among fuels which represents the highest contributor in terms of carbon dioxide emissions; therefore, issuers deriving at least 25% of their revenues from these activities are excluded. The exclusion is extended to those issuers in breach of the Principles of the UN Global Compact which include principles relating to human rights, labour conditions, environmental issues and anti-corruption practices; • the ESG rating of the portfolio. <p>To undertake the ESG rating analysis, sustainable characteristics of the underlying investments are defined by reference to a combination of data generated internally by the Investment Manager's proprietary models and data provided by external ESG research providers. The assessment of the good governance practices is a central pillar of the investment process adopted by the Investment Manager and it consists on the assurance that the governance of each investee company is based on rules of conduct aligned to international best practices and inspired by the consideration of all stakeholder's interests also by means of a remuneration policy. The good governance assessment takes into account sound management structures, employee relations, remuneration of staff and tax compliance.</p> <p>In order to guarantee compliance with the strategies adopted to promote environmental and social characteristics, the Investment Manager relies on external info-providers. The Investment Manager's approach includes the adoption of strategies in line with the Principles for Responsible Investing. These strategies can be integrated into different steps of the investment process and they are based on exclusion criteria (for Issuers operating in non-socially responsible sectors or exposed to ESG risk) and in the integration of ESG factors into the analysis, selection and composition of managed portfolios with flexible approaches with regards to asset class typology and product investment strategy. In accordance with the binding element of the investment strategy adopted for promoting the environmental and social characteristics, the minimum proportion of the investments that meet the ESG criteria (in terms of ESG rating coverage) should be at least 50% of the portfolio (box #1 Aligned with E/S characteristics).</p> <p>The remaining proportion (50% corresponding to the box #2 Other) of the investments (not included in the investments for promoting environmental or social characteristics) should be limited to:</p> <ul style="list-style-type: none"> • cash and cash equivalent instruments which may be held as ancillary liquidity or for risk balancing purposes; • derivatives which may be held for risk balancing purposes and efficient portfolio management but not for promoting environmental and social characteristic; • securities for which relevant data is not available. |
| <p>No sustainable investment objective</p> | <p>This Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investments.</p> |
| <p>Environmental or social characteristics of the financial product</p> | <p>The main environmental and social characteristics promoted by the Sub-fund through the Investment Manager's ESG methodology are the following:</p> <ul style="list-style-type: none"> • Environmental: climate change prevention (in terms for example of reduction of carbon emission, carbon footprint, climate change vulnerability), pollution & waste prevention (with reference to toxic emissions & waste, packaging material & waste, electronic waste), environmental opportunities (in clean tech, in renewable energy); • Social: human capital (labor management, health & safety, human capital development, supply chain labor standards), product liability (product safety & quality, chemical safety, consumer financial protection, privacy & data security, responsible investment, health & demographic risk), social opportunities (access to communications, access to finance, access to health care, opportunities in nutrition & health), stakeholder opposition (controversial sourcing, community relations). <p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p> |
| <p>Investment strategy</p> | <p>The Fund uses ESG exclusions to promote support for the UNGC principles (which cover matters including human rights, labour, corruption, and environmental pollution, avoid investments in sovereign issuers that have not ratified the Paris Agreement, and avoids investments in certain activities with the potential to cause harm to human health and wellbeing. The Fund does not use a reference benchmark to attain its environmental or social characteristics.</p> <p>The companies in which investments are made are assessed by the Investment Manager to follow good governance practices.</p> |

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| | <p>The good governance practices of investee companies are assessed prior to making an investment and periodically thereafter in accordance with the Sustainability Risk Policy ("Policy").</p> <p>The Policy sets minimum standards against which investee companies will be assessed and monitored by the Investment Manager prior to making an investment and on an ongoing basis. Such standards may include, but are not limited to: sound management structures, employee relations, remuneration of staff and tax compliance.</p> <p>The Policy can be found incorporated within Janus Henderson's "ESG Investment Policy" in the "About Us - Environmental, Social and Governance (ESG)" section of the website at www.janushenderson.com.</p> <p>In addition, the Investment Manager is a signatory to the UN Principles for Responsible Investment (UNPRI). As a signatory, the good governance practices of investee companies are also assessed by having regard to the UNPRI principles prior to making an investment and periodically thereafter.</p> |
| Proportion of investments | <p>A minimum of 50% of the investments of the financial product are used to meet the environmental or social characteristics promoted by the financial product. Other assets may include cash or cash equivalents, securitised assets, derivatives for the purposes of efficient portfolio management, or derivatives for investment purposes other than those used to gain exposure to direct issuers. No minimum environmental or social safeguards are applied to such investments.</p> <p>The Fund may have some indirect exposure to investee companies through the use of single-name derivatives that are used to meet the environmental and/or social characteristics promoted by the financial product. The proportion of investments used to meet the environmental and/or social characteristics promoted by the Fund that is made up of these indirect exposures to investee companies through the use of single-name derivatives is expected to be in the range of 0% -20%. Figures quoted are on the basis of Fund exposure.</p> |
| Monitoring of environmental or social characteristics | <p>The sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted by this financial product are:</p> <p>Ratification of the Paris Agreement on Climate Change ("Paris Agreement") by sovereign issuers. Carbon Intensity Scope 1&2 Overall UNGC Compliance Status ESG exclusionary screens - see "G. Methodologies for environmental or social characteristics?" below for details on the exclusions below for details on the exclusions. Overall Freedom House Index status</p> <p>The Front Office Controls & Governance team provide ongoing assurance that investment products are managed in line with documented sustainability commitments. Financial Risk review and challenge investment management in light of ESG-related risks, alongside traditional market risk metrics, and embed sustainability risk into the risk profiles. Investment Compliance implement exclusionary screening and monitor this on an ongoing basis in addition to elements of manual oversight where relevant.</p> |
| Methodologies | <p>The Investment Manager applies screens to exclude direct investment in corporate issuers based on their involvement in certain activities. Specifically, issuers are excluded if they derive more than 10% of their revenue from oil and gas generation and production, oil sands extraction, shale energy extraction, thermal coal extraction and power generation, Arctic oil and gas extraction, tobacco, fur, adult entertainment, gambling or controversial weapons. Issuers are also excluded if they are deemed to have failed to comply with the UNGC Principles (which cover matters including human rights, labour, corruption, and environmental pollution).</p> <p>The Fund also applies the Firmwide Exclusions Policy, which includes controversial weapons, as detailed under paragraph 10.15 of the section entitled "Investment Restrictions" in the Prospectus.</p> <p>The corporate bond portion of the Fund will aim to have a lower carbon intensity than its relevant reference universe on a monthly basis.</p> <p>The Investment Manager excludes from the Fund sovereign bond issuers that have been sanctioned under the EU Global Human Rights Sanctions Regime or the UN sanctions regime and/or have not attained a sufficiently high score (e.g., 'free') under the Freedom House Index that promotes political rights and civil liberties (or other such similar index as determined by the Investment Manager).</p> <p>Under normal market conditions, the Investment Manager will also exclude sovereign bond issuers that have not ratified the Paris Agreement. Should the US choose to exit the Paris Agreement during a future political cycle, the Investment Manager will consider whether excluding US Treasuries from the Fund would be excessively detrimental to returns and/or whether it would change the risk-return profile of the Fund.</p> <p>For the purposes of the AMF doctrine, the extra-financial analysis or rating is higher than:</p> <ul style="list-style-type: none"> - 90% for equities issued by large capitalisation companies whose registered office is located in "developed" countries, debt securities and money market instruments with an investment grade credit rating, sovereign debt issued by developed countries; - 75% for equities issued by large capitalisations whose registered office is located in "emerging" countries, equities issued by small and medium capitalisations, debt securities and money market instruments with a high yield credit rating and sovereign debt issued by "emerging" countries. <p>The Investment Manager may include positions in the Fund that, based on third-party data or screens, appear to fail the above criteria, where the Investment Manager believes that the third-party data is insufficient or inaccurate.</p> |
| Data sources and processing | <p>JHI has chosen MSCI's ESG Manager as its primary data source for ESG (Environmental, Social and Governance) research.</p> |

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| | <p>Where coverage gaps are identified, specialist ESG Data vendors or inhouse research may be used to complement the ESG research. This ensures consistent data and methodologies are used given an ESG measure per security type and hence can be compared correctly in the portfolio construction process.</p> <p>JHI has built a centralised proprietary research alignment process; The central research alignment process aligns data at three different levels</p> <ol style="list-style-type: none"> 1.Entity Level, 2.Position Level, and 3.Fund Level. <p>The research alignment and mapping capability is critical to JHI's ESG (Environmental, Social and Governance) methodology, as we recognize a security could inherit the ESG information from the issuing legal entity, however, some ESG risks will be instrument specific.</p> <p>JHI applies a series of Data Quality rules to ensure the integrity of the data being ingested into the central research alignment solution. JHI data that is not aligned correctly to the definition as provided by the data vendor is not ingested into the central cloud-based data warehouse and exceptions are raised. These exceptions are monitored and remediated by a central support team. Remediation includes challenging the data provider or internal operations supporting internally managed Systems of Records. Where appropriate the Data Owner responsible and accountable for the data is notified through the internal Data Governance process to resolve outstanding exceptions.</p> <p>JHI receives weekly automated data feeds from external ESG Data vendors, which are ingested into a cloud-based data warehouse. Once the data is ingested and Data Quality checks have been performed the raw data is mapped to JHI's internal taxonomy structure. This ensures that all ESG data from the data warehouse is made available consistently across all downstream JHI applications supporting the different stages in the investment process.</p> <p>The proportion of data for a Financial Product that is estimated constantly evolving.</p> <p>Some data used to support binding criteria may be estimated data as received by external providers.</p> <p>For positions not covered by the external data provider, proprietary research may be used. This could range from proprietary research alignment against the external data vendor to written confirmation from the issuing entity that it aligns to the binding criteria. The appropriateness of the evidence provided is assessed by an independent body at JHI.</p> |
| <p>Limitations to methodologies and data</p> | <p>Data coverage is directly driven by the coverage of the underlying ESG Data Provider.</p> <p>JHI's internal data structure provides sufficient flexibility to incorporate proprietary evidence or adapt evaluations to future requirements.</p> <p>JHI is aware of data gaps in ESG Research for non-traditional asset classes compared to mainstream asset classes such as equities and debt instruments.</p> |
| <p>Due diligence</p> | <p>As detailed in the above 'Methodologies for Environmental and Social Characteristics' section, the Investment Manager applies screens to exclude direct investment in corporate issuers based on their involvement in certain activities. Specifically, issuers are excluded if they derive more than 10% of their revenue from oil and gas generation and production, oil sands extraction, shale energy extraction, thermal coal extraction and power generation, Arctic oil and gas extraction, tobacco, fur, adult entertainment, gambling or controversial weapons. Issuers are also excluded if they are deemed to have failed to comply with the UNGC Principles (which cover matters including human rights, labour, corruption, and environmental pollution).</p> <p>The Fund also applies the Firmwide Exclusions Policy, which includes controversial weapons, as detailed under paragraph 10.15 of the section entitled "Investment Restrictions" in the Prospectus.</p> <p>The corporate bond portion of the Fund will aim to have a lower carbon intensity than its relevant reference universe on a monthly basis.</p> <p>The Investment Manager excludes from the Fund sovereign bond issuers that have been sanctioned under the EU Global Human Rights Sanctions Regime or the UN sanctions regime and/or have not attained a sufficiently high score (e.g., 'free') under the Freedom House Index that promotes political rights and civil liberties (or other such similar index as determined by the Investment Manager).</p> <p>Under normal market conditions, the Investment Manager will also exclude sovereign bond issuers that have not ratified the Paris Agreement. Should the US choose to exit the Paris Agreement during a future political cycle, the Investment Manager will consider whether excluding US Treasuries from the Fund would be excessively detrimental to returns and/or whether it would change the risk-return profile of the Fund.</p> <p>For the purposes of the AMF doctrine, the extra-financial analysis or rating is higher than:</p> <p>90% for equities issued by large capitalisation companies whose registered office is located in "developed" countries, debt securities and money market instruments with an investment grade credit rating, sovereign debt issued by developed countries;</p> <p>75% for equities issued by large capitalisations whose registered office is located in "emerging" countries, equities issued by small and medium capitalisations, debt securities and money market instruments with a high yield credit rating and sovereign debt issued by "emerging" countries.</p> |

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| | <p>The Investment Manager may include positions in the Fund that, based on third-party data or screens, appear to fail the above criteria, where the Investment Manager believes that the third-party data is insufficient or inaccurate.</p> <p>The JHI Sustainability Risk Policy sets out the firmwide ESG Integration Principles, Sustainable Investment Principles and Baseline Exclusions applied to investee companies. These exclusions are based on classifications provided by third-party data ESG data providers. This classification is subject to an investment research override in cases where sufficient evidence exists that the third-party field is not accurate or appropriate.</p> <p>Each Investment desk completes their own due diligence processes ahead of making any investment decisions within their Article 8 funds, using internal and external tools and research. The Front Office Controls & Governance team provide ongoing assurance that investment products are managed in line with documented sustainability commitments. Financial Risk review and challenge investment management in light of ESG-related risks, alongside traditional market risk metrics. Investment Compliance implement exclusionary screening and monitor this on an ongoing basis in addition to elements of manual oversight where relevant.</p> |
| Engagement policies | <p>With the aim of preventing, containing and managing the main adverse impacts of investment decisions on sustainability factors, the Management Company conducts engagement actions - both individual and collective with other investors - and exercises its voting rights on the issuers in its portfolio, in order to create awareness and orient the issuers' behaviors towards specific sustainability issues, according to the times and methods formalized in its "Engagement Policy" and in the "Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management".</p> <p>In this case, the Company informs the issuer about the identified criticalities, directing its decisions towards their immediate reduction. If these actions are not addressed in an effective and timely manner by the issuer, the Company evaluates to initiate specific reduction or disposal initiatives, even of a progressive nature, of the investment in these issuers.</p> <p>The initiatives carried out and the decisions taken regarding these activities are reported and formalized in order to guarantee a thorough traceability of the decision-making processes and outcomes</p> |
| Designated reference benchmark | <p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund .</p> |