Janus Henderson
INVESTORS

INVESTMENT PRINCIPLES

Janus Henderson Sustainable Corporate Bond ETF

SCRD

OVERVIEW

The global transition to a more sustainable economy presents both opportunities and risks. The Janus Henderson Sustainable Corporate Bond ETF is a return-focused portfolio at the intersection of fundamental and sustainable characteristics. We believe an active, forward-looking, sustainable investment approach that engages with issuers can anticipate and influence change, adding value over a traditional investment approach.

PHILOSOPHY

We believe there is a strong link between sustainable development and generating strong risk-adjusted returns. A sustainable investment process that incorporates both a broader economic lens and all stakeholders, including society and the environment, can uncover risks and provide opportunities that a traditional approach may miss.

Our investment framework seeks to invest in issuers with strong or improving ESG characteristics, and identify opportunities on the right side of disruption[1]. We believe our actively managed, investment grade-focused corporate credit ETF has the potential to generate risk-adjusted excess returns, while aligning with positive environmental and societal outcomes.

SUSTAINABILITY DEFINED

In 1987, the United Nations commissioned its first report into sustainable economic development. “Our Common Future,” also known as the Brundtland Report, defined sustainable development as “development that meets the needs for the present without compromising the ability of future generations to meet their own needs.” This definition grew into the United Nations Sustainable Development Goals (UN SDGs), a universal set of targets and indicators for global development that can serve as a guide for sustainable investing.

Janus Henderson’s first sustainable equity fund was founded on these principles in 1991. Our own history of sustainable investing has led us to believe that integrating our fundamental research process with a sustainable investment lens can provide competitive investment outcomes while aligning with a more sustainable future. While the term sustainable is used broadly within investing, we view it as an investment process that considers environment, social and governance risk factors when generating investment returns while also seeking to have a positive environmental or social outcome.

[1] Disruption is the pace and magnitude of change (from trends such as sustainability, digitization, medical advances) evolving today's economy.

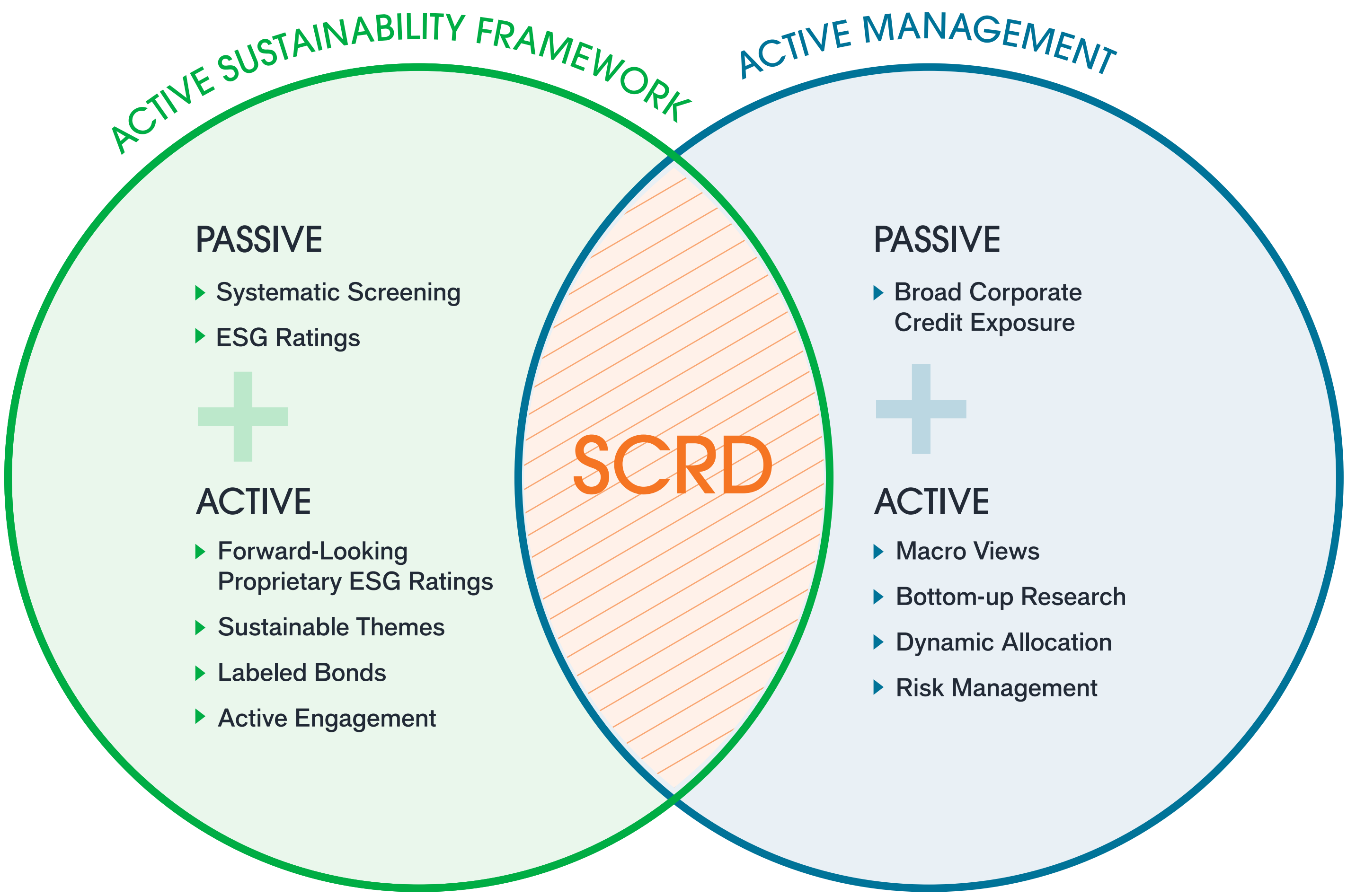
BOLD GOALS: THE UN’S 17 SUSTAINABLE TARGETS

Source: United Nations, Department of Economic and Social Affairs, The 17 Goals, as of August 2021.

INVESTMENT FRAMEWORK

Our investment process strives to construct a returns-focused portfolio at the intersection of fundamental and sustainable characteristics. The active sustainability framework begins by defining the universe with do no harm avoidance criteria and positively selecting investments that align with our sustainable themes. Forward-looking proprietary ESG ratings will focus on how an issuer will navigate the transition to a sustainable economy and manage their risks. Through engagement with the companies, we advocate for greater transparency and adoption of more sustainable business practices which can help influence positive outcomes. Our sustainability framework intersects with our foundation of active management, which leverages our deep research capabilities that inform our macroeconomic views as well our bottom-up research that focuses on security selection. We employ a disciplined, repeatable process to dynamically allocate risk in the portfolio throughout the market cycle with risk management incorporated at every step of the process.

While our process is established, it will not remain static. Sustainable investing will evolve and improve over time, especially as data becomes more robust and transparency increases. As the environment changes, and best practices in achieving sustainability change, we look to adapt and refine our approach.



OUR SUSTAINABLE THEMES

We believe a portfolio aligned with the UN SDGs can capture on this generational opportunity and help accelerate the shift to a more sustainable future. To ensure our investments align with the UN's ambitious plan for global sustainability, we have developed sustainable investment themes that both drive our criteria for including securities as well as give us a framework for identifying opportunities to add incremental returns.

Across these themes, we seek to invest in businesses that are strategically aligned with the powerful environmental and social trends changing the shape of the global economy. We believe these businesses should experience growth by virtue of having products or services that enable positive environmental or social change and thereby have an impact on the development of a sustainable global economy.

1. TRANSITIONING TO A GREEN ECONOMY

While there is no standard definition for a "green economy", we believe there is a growing recognition that achieving environmental sustainability requires change from all sectors. While government and consumer involvement are critical to achieving the UN goals, great swaths of the private sector are likely to see the most transformative change.

Includes – Climate Change and Clean Energy | Sustainable Cities and Transportation | Responsible Consumption and Production | Natural Resource Efficiency, Water

2. ECONOMIC AND COMMUNITY DEVELOPMENT, INCLUSION

We recognize that economic growth is often accompanied by rising inequality, and the concept of more inclusive economic development must come to the forefront. A more inclusive economy does not simply have obvious societal benefits, but it also brings positive economic growth outcomes and reduces lost economic output and costly poverty alleviation measures. Investing in these factors creates greater diversity and can further increase benefits to companies and the whole economy.

Includes – Financial Services and Inclusion | Community Development | Infrastructure | Diversity, Equality, Inclusion

3. KNOWLEDGE AND TECHNOLOGY, INNOVATION

There is a close link between sustainability and innovation. Technological innovation and the advancement of knowledge play an integral role in the development of a more sustainable economic model. The world needs companies that provide tools and services that enable greater productivity and innovation.

Includes – Sustainable Technology and Innovation | Quality Education

4. HEALTH AND WELL-BEING

Aging populations are putting systemic pressures on health provision and social care services. The demand for health care increases with age, and the challenge will be providing affordable care and services for this growing segment of society over a longer time horizon – as life expectancies are also rising – in addition to supporting health care innovation to address unmet needs and access to care.

Includes – Health Care Innovation | Health Care Affordability, Access and Services | Quality of Life

Conversely, the negative impact on global prosperity from the cost of economic externalities is becoming increasingly recognized. We seek to avoid those businesses involved in activities that are harmful to society or the environment. We believe these types of businesses are at higher risk from government regulation or disruption. Our exclusions make sense ethically, socially, environmentally and financially.

IMPORTANT INFORMATION: “DE MINIMIS” LIMITS

Where possible, we will seek to achieve zero exposure with respect to the avoidance criteria. However, there may be instances when we will apply a de minimis limit. A de minimis limit is a threshold above which investment will not be made and relates to the scope of a company’s business activity; the limit may be quantitative (e.g., expressed as a percentage of a company’s revenues) or may involve a more qualitative assessment. De minimis limits exist because sometimes avoiding an industry entirely may not be feasible given the complex nature of business operations or the company may be in the process of transitioning away from the activity.

In such instances, we will invest in a company only if we are satisfied that the “avoided” activity forms a small part of the company’s business and when our research shows that the company manages the activity in line with best practices. When the activity relates to a company’s revenues, we use a 10% threshold. When the activity relates to a company’s operations, we will seek to gain comfort that the company is taking action to improve its performance or is managing it in an exemplary fashion. Any company with a persistent record of misconduct will be excluded unless there is clear evidence of significant progress. All holdings in the strategy are compliant with the UN Global Compact, whose “Ten Principles” cover human rights, the International Labor Organization’s declaration on workers’ rights, corruption and environmental pollution.

We seek to avoid businesses that have products or operations directly associated with the following criteria:

Alcohol	We avoid companies involved in the production and sale of alcoholic drinks.
Animal Testing	We avoid companies that use animal testing for nonmedical purposes except for where regulators require by law for the purpose of cosmetics and food. We allow animal testing for medical purposes only where the company employs best practices in accordance with the “3 Rs” policy of refinement, reduction and replacement.
Chemicals of Concern	We avoid companies that manufacture or sell chemicals or products containing chemicals subject to bans or severe restrictions in major markets around the world. This includes ozone-depleting substances, microbeads, persistent organic pollutants and the manufacture of any other substances banned or restricted under international conventions.
Contentious Industries (Level 1)	We avoid companies that produce palm oil.
Controversial Armaments	We avoid companies involved in the direct production of land mines, cluster munitions, biological/chemical weapons and nuclear weapons.
Controversial Fossil Fuel Extraction & Refining	We avoid companies engaged in extraction of fossil fuels from oil sands, thermal coal extraction and arctic drilling & exploration.
Controversial Fossil Fuel Power Generation	We avoid companies that predominantly rely on thermal coal power generation without a credible plan for transition to net zero or renewable energy.
Fur	We avoid companies involved in the sale or manufacture of animal fur products.
Gambling	We avoid companies with activity related to gambling.
Genetic Engineering	We avoid companies involved in the deliberate release of genetically modified organisms (GMO; e.g., animals or plants). Investment in companies where genetic technologies are used for medical or industrial applications may be acceptable, providing high environmental and social standards can be demonstrated. Companies that use or sell products that make use of such technologies may be acceptable provided GMO ingredients are clearly labeled.
Pornography	We avoid companies that publish, print or distribute newspapers or magazines or distribute films or videos classed as pornographic material.
Tobacco Production	We avoid companies that engage in activities related to the production of tobacco products.
UN Global Compact Violators	We avoid companies that do not meet the UN Global Compact Principles.

FOR MORE INFORMATION, PLEASE VISIT **JANUSHENDERSON.COM**

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Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, please call Janus Henderson at 800.668.0434 (or 800.525.3713 if you hold shares directly with Janus Henderson). You can also visit janushenderson.com/info (or janushenderson.com/reports if you hold shares directly with Janus Henderson). Read it carefully before you invest or send money

Fixed income securities are subject to interest rate, inflation, credit and default risk. The bond market is volatile. As interest rates rise, bond prices usually fall, and vice versa. The return of principal is not guaranteed, and prices may decline if an issuer fails to make timely payments or its credit strength weakens.

Derivatives can be more volatile and sensitive to economic or market changes than other investments, which could result in losses exceeding the original investment and magnified by leverage.

Actively managed portfolios may fail to produce the intended results. No investment strategy can ensure a profit or eliminate the risk of loss.

Diversification neither assures a profit nor eliminates the risk of experiencing investment losses.

There is no assurance the stated objective(s) will be met.

Environmental, Social and Governance (ESG) or sustainable investing considers factors beyond traditional financial analysis. This may limit available investments and cause performance and exposures to differ from, and potentially be more concentrated in certain areas than, the broader market.

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