IMAP Specialist series: Sky High Markets, Rock Bottom Rates – Is there any alternative to Alternatives?

Session 2 – Better Solutions for Defensive Goals

Alex Stanley – Ardea Investment Management

Brett Lewthwaite – Macquarie Investment Management

Mathew Kaleel – Janus Henderson

Series moderated by Daniel Stojanovski, Centrepoint Alliance

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Are there Alternatives to Alternatives? Session 3

Friday 12.00 – Building Portfolios – the Researchers' View

Deanne Baker – Lonsec
Steven Tang – Zenith
Tim Murphy - Morningstar

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Upcoming events

25th August – IMAP Managed Account Awards Virtual Presentation Ceremony

13th September – State of Managed Accounts Webinar

11th November – Independent Thought Conference

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How to ask a Question

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Alex Stanley	Brett Lewthwaite	Mathew Kaleel
Relative Value Strategist	Global Head of Macquarie Investment Management	Portfolio Manager
Ardea Investment Management	Macquarie Investment Management	Janus Henderson

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MACQUARIE

Prepared for IMAP Webinar

Macquarie Fixed Income

August 2021

‘Sky High Markets , Rock Bottom Rates’
Is there any alternative to Alternatives?

MACQUARIE

The big questions facing fixed income investors

- Cash rates are at record lows
- Bond yields low and getting lower
- A number of fixed income strategies have disappointed
- Attractive returns are harder to come by

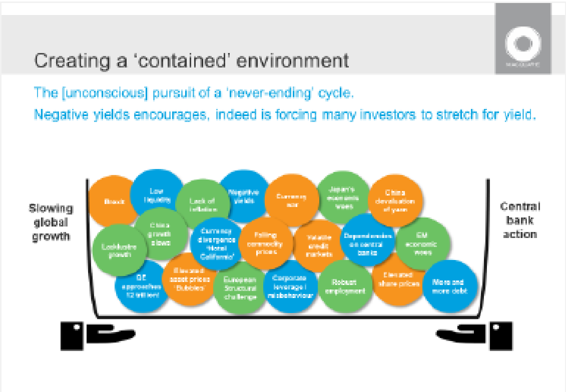
- Where can I find **income**?
- **Active** or Passive?
- Are there **better options** for the prevailing environment?
- What style and **manager**?
- Are there ways to **enhance** fixed income returns?

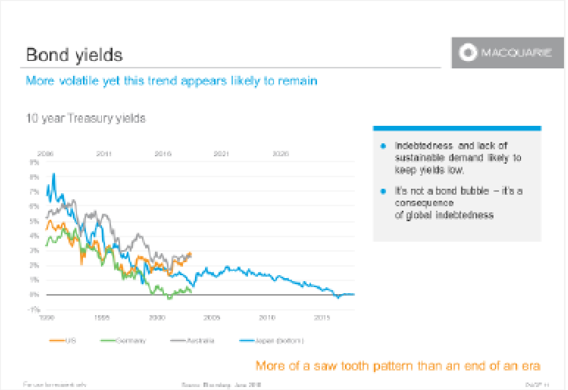
'Lower for longer' the reality, now what?

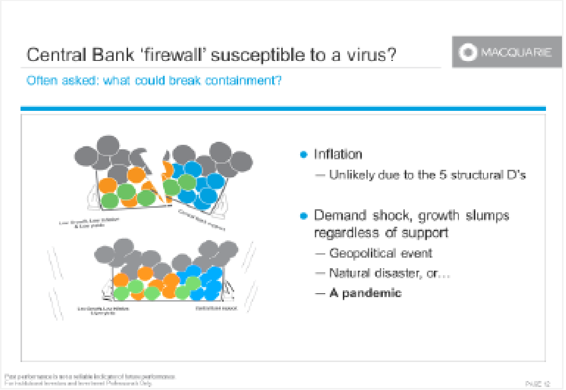
MACQUARIE

In anticipating lower and lower yields, MFI has been preparing for the prevailing low yield world

2016	2018	2020







"The 'contained' environment – the Central Bank balancing act"

MFI August 2016

"Indebtedness and lack of demand likely to keep yields low"

MFI December 2018

"The COVID-19 crisis has broken the contained environment"

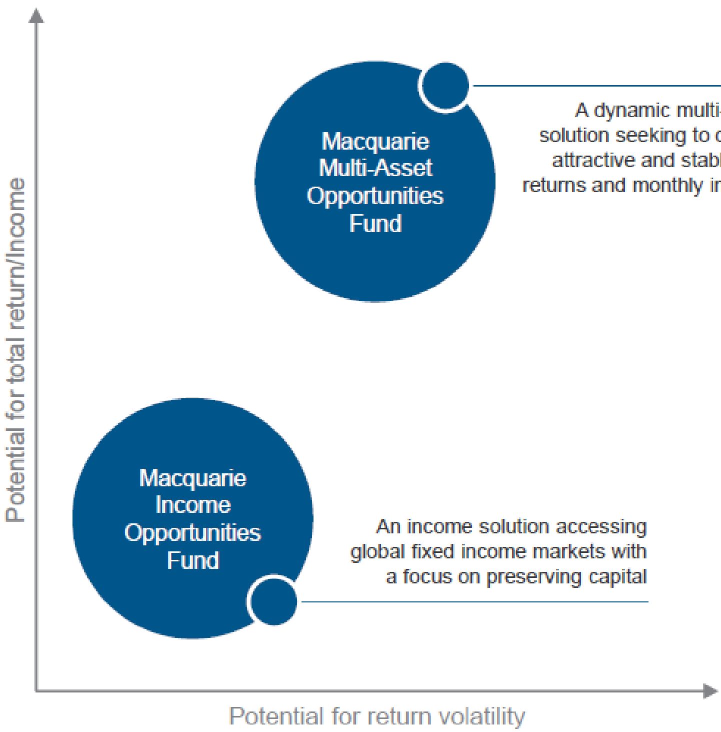
MFI April 2020

Our long-standing views were prescient –> solutions for the low yield environment

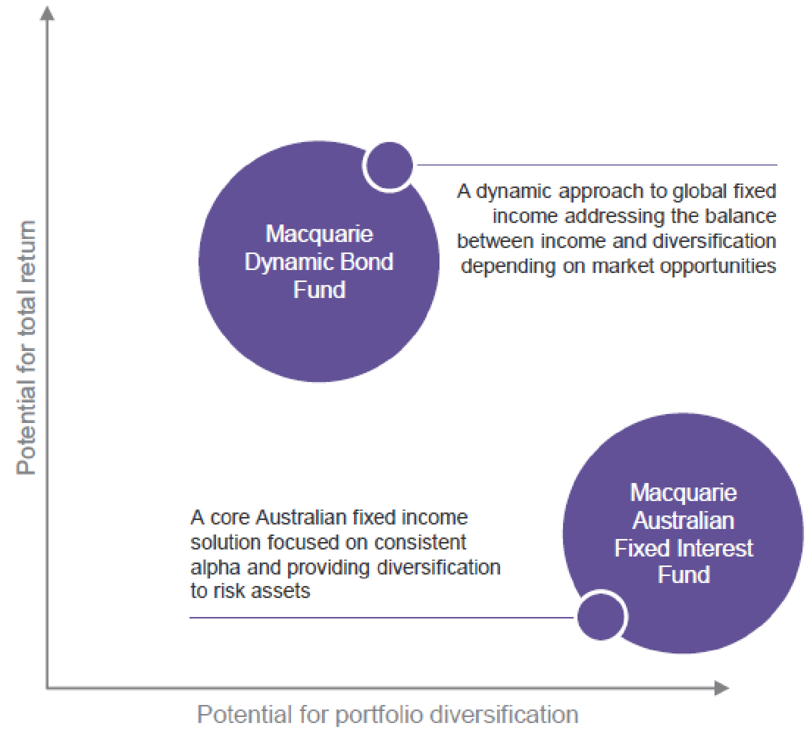
Macquarie's fixed income platform

A platform designed to provide high quality solutions for the prevailing environment

Income focus



Bond focus



Delivering innovative fixed income solutions for the low yield world

BETTER SOLUTIONS FOR DEFENSIVE GOALS

Janus Henderson Global Multi-Strategy

August 2021

Mathew Kaleel
Portfolio Manager

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Janus Henderson INVESTORS

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All simulated performance results shown herein were prepared by Janus Henderson and were achieved through the retroactive application of a model construed on the basis of historical data and designed with the benefit of hindsight. Simulated results for the Janus Henderson Multi-Strategy Fund reflect the deduction of model investment advisory fees (unless otherwise indicated) and estimated trading costs, and may differ from actual expenses that would have been incurred. Results reflect reinvestment of dividends and other earnings, and investment of cash positions in cash equivalents.

Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program.

One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.

JANUS HENDERSON MULTI STRATEGY

Skill-based investment strategies

Strategy	Description
Convertible Arbitrage	• Aims to capitalise on mispricings of convertible bonds
Event Driven	• Aims to capture pricing inefficiencies around corporate events or capital structures
Equity Market Neutral	• Seeks to deliver alpha by investing long and short across pan-European equities
Price Pressure	• Aims to generate returns through the provision of capital to liquidity opportunities
Risk Transfer	• Aims to capitalise on supply/demand-driven imbalances in the derivatives market
Portfolio Protection	• Seeks to mitigate left tail risk through a multi-faceted protection strategy

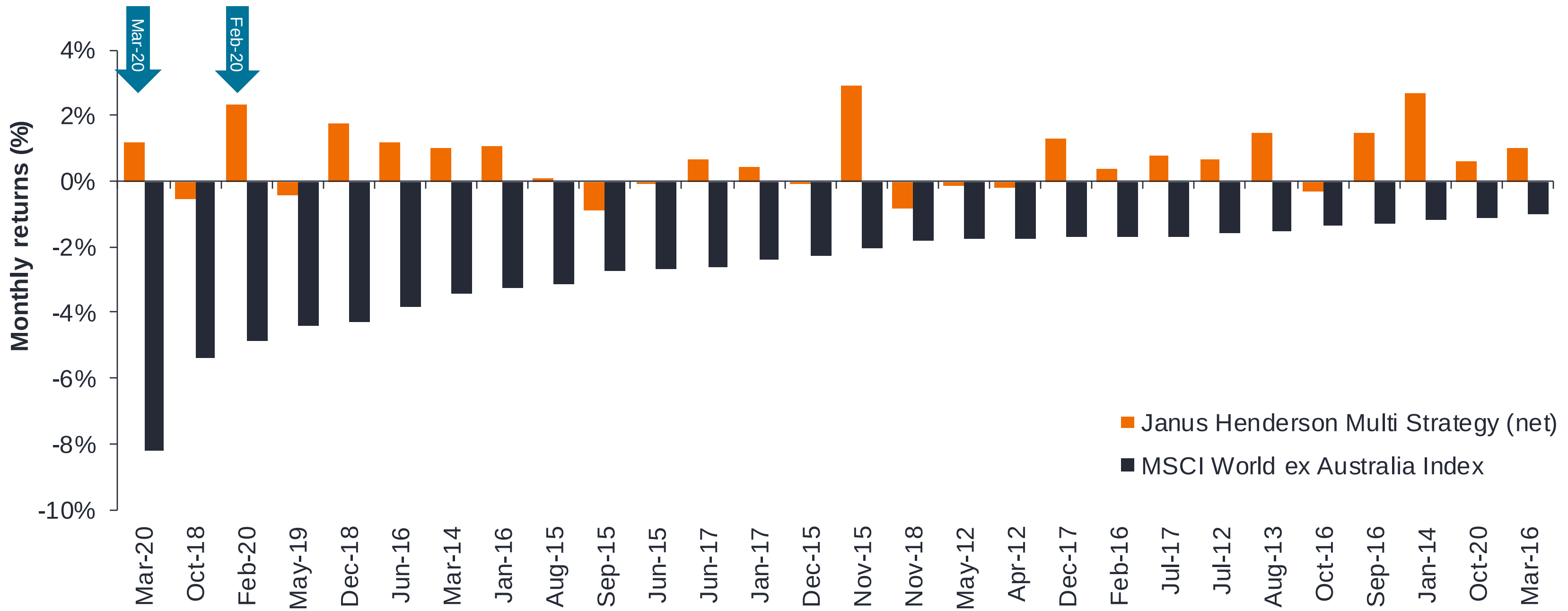
Note: There is no assurance that the investment process will consistently lead to successful investing.
No investment strategy, including a protection strategy, can ensure a profit or eliminate the risk of loss.

JANUS HENDERSON MULTI STRATEGY

Overview

Performance in Down Markets (< -1.0%)

As at 30 June 2021

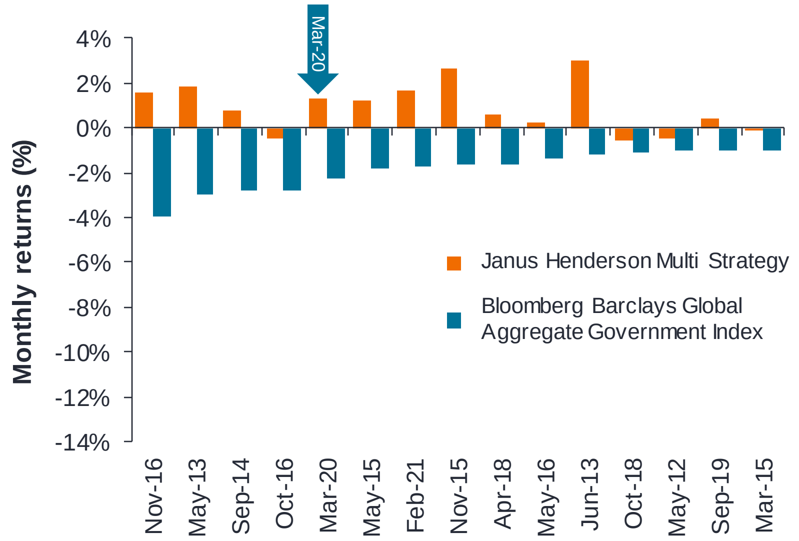


Source: Bloomberg, Janus Henderson Investors Analysis, as at 30 June 2021. Composite performance and statistics calculated from 31 December 2011, which represents the implementation of the current strategies and lead portfolio managers. Performance in AUD, net of fees (0.9% base fee and 20% performance fee over a 1mth cash hurdle). Correlation, beta vs. MSCI World ex Australia Index. Past performance cannot guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value. Returns greater than one year are annualised. Down markets months are determined by the returns of the index shown. Janus Henderson Investors calculated statistics. Data is based on a representative account of the strategy and may vary from other accounts in the strategy, due to asset size and other factors. The representative account is believed to most closely reflect the current portfolio management style.

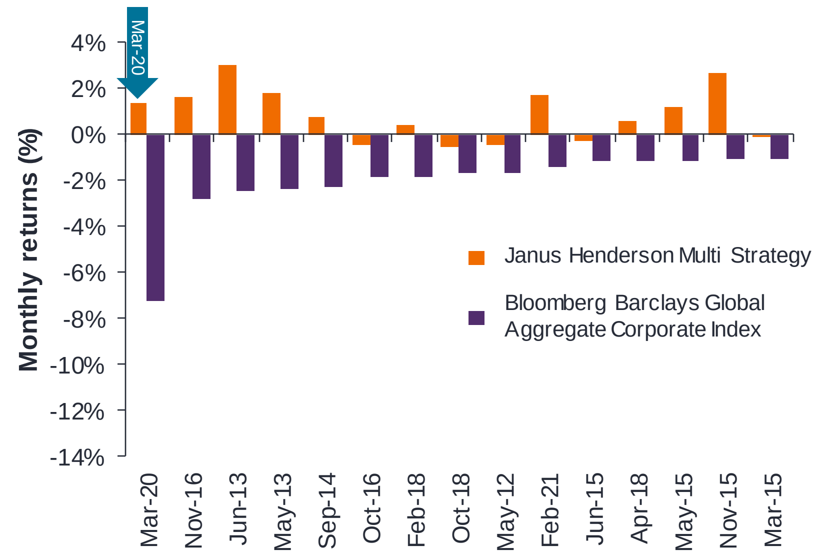
DELIVERING DIVERSIFICATION

Diversification when it counts – stressed equity and bond markets

Global Government Bonds



Global Credit



Source: Bloomberg, Janus Henderson Investors Analysis, as at 30 June 2021, from 31 December 2011.
Note: Composite: Janus Henderson Multi Strategy, net of fees, in USD. Down market months are determined by the returns of the index shown. Past performance is not a guide to future performance.

Correlation and beta to market indices and peers (Jan 12 – Jun 21)

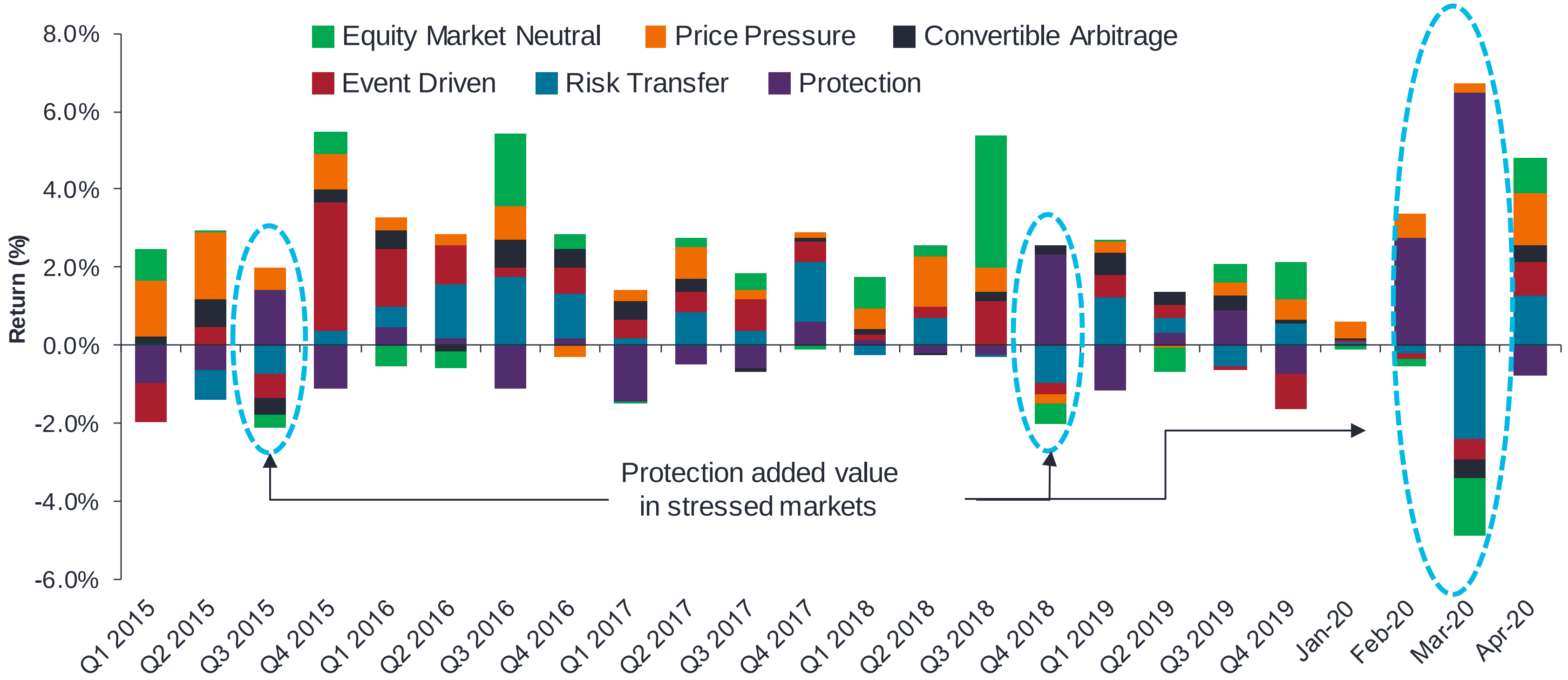
	Global Equities	Australian Equities	Emerging Markets	VIX	US Credit	US Treasuries	HFRI EH: Multi-Strategy Index	InvestHedge Global Multi-Strategy USD Index
Correlation	0.15	0.03	0.02	0.01	-0.04	-0.12	0.10	0.13
Beta	0.06	0.01	0.00	0.00	-0.03	-0.12	0.04	0.14

Source: Refinitiv Datastream, Janus Henderson Investors Analysis, data from 31 January 2012 to 30 June 2021.
Note: Underlying strategy correlations based on representative account (gross). Multi Strategy data for correlation and beta in AUD, net of fees. Past performance is not a guide to future performance. Global Equities (MSCI World Index), Australian Equities (S&P/ASX 200 Index), Emerging Markets (MSCI Emerging Markets Index), VIX (CBOE Volatility Index), US Credit (Bloomberg Barclays US Corporate Index) and US Treasuries (Bloomberg Barclays US Treasury Index), Australian Equities (S&P/ASX 200 – Total Return Index). Data is based on a representative account of the strategy and may vary from other accounts in the strategy, due to asset size and other factors. The representative account is believed to most closely reflect the current portfolio management style

PORTFOLIO PROTECTION – CONTRIBUTION

Value added when diversification fails

Performance Contribution (%)



Source: Janus Henderson Investors, internal estimates, based on representative account as at 30 April 2020.
Notes: Information relating to portfolio holdings is based on the representative account, gross of management and performance fees, in USD.
Data is based on a representative account of the strategy and may vary from other accounts in the strategy, due to asset size and other factors.
The representative account is believed to most closely reflect the current portfolio management style. Past performance cannot guarantee future results.

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