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Janus Henderson explores retirement, insurance

Firm continues M&A hunt, product dev

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Janus Henderson is shifting its focus to retirement, insurance and new geographic markets, remaining dedicated to its M&A hunt as it begins to see some intermediary wins despite continued outflows.

The $334.9bn Denver, Colorado-based firm saw slight positive flows into its intermediary channel for the first time since 2016, representing a 1% organic growth rate, which it attributed to a new brand campaign, upgrading talent and aligning compensation with its growth strategy.

Execs are hoping to transfer the increasing traction in the US intermediary channel to its businesses in the UK, EMEA and Latin America.

Additionally, it is searching for opportunities to deepen its presence in the retirement space, especially in the US, with CEO Ali Dibadj telling analysts in the firm's Q4 earnings call that it has seen product development interest from providers in that space.

"It is very broad-based success," Dibadj said, allowing that retirement is a small part of the firm's business currently.

However, JPMorgan equity analyst Ken Worthington wasn't convinced regarding the intermediary channel progress, pointing out much of the firm's flows success was owed to a pair of structured credit ETFs.

"The changes we've made in US intermediary are quite apparent," Dibadj replied. "We are gaining market share and growing across the board."

Capitalizing on the growth of its institutional business will take the form of searches for strategic partners in insurance side, reporting demand in a variety of areas, including thematics, income, enhanced, indexed, multi-asset and regional strategies.

"We do think that it's a place we have potential to grow in, both organically and inorganically," Dibadj said.

As previously noted, Janus continues to actively pursue M&A, including buying, building and partnering transactions.

"Right now, there's a very active pipeline, several opportunities out there, both large and small that we're looking at," Dibadj said, noting while there is a priority list, more opportunistic ventures will be considered as well.

While the firm does not have any launch targets for new products, it does have "a good amount" of seed capital to deploy for new strategies.

"We do see there is more product to launch and this could be organic or inorganic," Dibadj said, highlighting ETFs and emerging markets as areas of focus. The firm is expecting to launch its first product with joint venture partner Privacore in Q1.

He ruled out mutual fund-to-ETF conversions for the sake of being vehicle agnostic, however.

Flows and performance

Janus Henderson's AUM increased 9% to $334.9bn in Q4 from $308.3bn in Q3, and 17% in 2023 compared to $287.3bn in 2022.

The firm logged $3.1bn in outflows during Q4, up from $2.6bn in outflows in Q3, and down significantly from $11bn in outflows a year ago. Year-over-year the firm saw a significant uptick in outflows, logging just $700m out the door in 2023 compared to a whopping $30.8bn in 2022.

Janus's adjusted operating margin went up to 34.3% in Q4 from 31% in Q3. Overall, the 2023 operating margin was 30.9%, down from 33.8% in 2022.

Compensation and benefits went up 5% in Q4 to $156m from the $149m logged in 3Q. For 2023 overall, the firm logged $593bn in compensation and benefits, down from $612bn posted in the 2022 fiscal year.

Structured products ETFs continue to be a bright spot in Janus Henderson's fund line-up. The $6bn Janus Henderson AAA CLO ETF (JAAA), and the $3.7bn Janus Henderson Mortgage-Backed Securities ETF (JMBS) had the highest inflows of the firm's lineup in 2023, logging $3.9bn and $2.8bn, respectively.

The firm currently has 46 mutual funds and 12 ETFs.