



Profile Janus Henderson

Building the biggest CLO ETF in the world

Janus Henderson's huge CLO exchange traded fund came to life during COVID. It has survived a global shut-down, a bond sell-off and Liberation Day chaos to become a USD 23.3bn behemoth

by Kathryn Gaw

To track the evolution of Janus Henderson's JAAA CLO ETF, we have to go back to Denver, Colorado in 2010, when John Kerschner joined Janus Capital Group to launch its securitisation team. Kerschner — who is now global head of securitised products and portfolio manager at Janus Henderson — was then a mortgage specialist who had previously built out an ABS and RMBS team at money manager Smith Breeden Associates, before joining a hedge fund in Boulder.

At the time, mortgages represented around 32% of Janus's total AUM. Under Kerschner's leadership, the firm started to build out a new team and look into the world of exchange traded funds (ETFs).

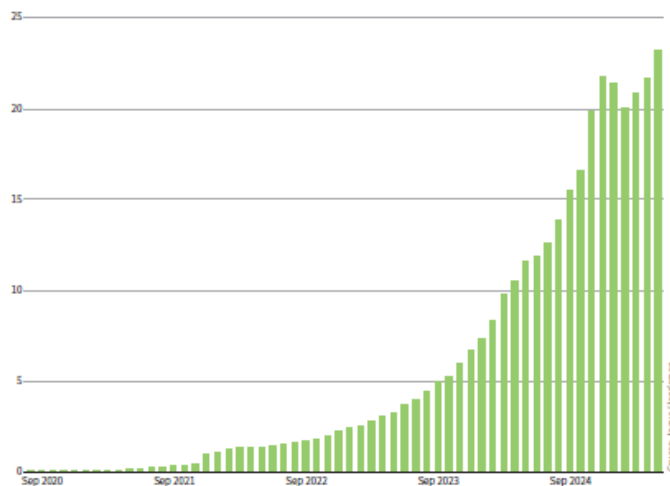
"It just so happened that a few years before, Janus had bought a firm called Velocity Shares, which is an ETF platform," Kerschner says. "We started talking to Nick Cherney, who at the time was head of Velocity Shares, and he said, if you want to launch a mortgage product, you should launch an ETF. I had managed 40 Act mutual funds and hedge funds, but never ETFs."

Launching a mortgage-backed ETF

In September 2018, Janus Henderson launched its first mortgage-backed securities ETF, JMBS. "There were no actively managed mortgage ETFs back then, which we found difficult to believe," says Kerschner. "Pretty much every money manager has some kind of mortgage product. And a lot of them are actively managed because mortgages should be actively managed. Mortgages are very inefficient, but very liquid."

By this time, Janus Capital Group had joined forces in a merger of equals with Henderson Group to form Janus Henderson. As JMBS grew, the securitisation team at the asset manager was getting busier, and Kerschner made a key hire. Jessica Shill had

JAAA AUM (\$bn)



previously worked at Wells Fargo doing CLOs, and with her arrival at Janus Henderson, Kerschner saw an opportunity to launch the world's first CLO ETF.

By 2019, the CLO market was worth around USD 700bn and growing. It was also liquid, yet Kerschner noticed that there was no liquid product for individual investors.

"We just thought, look, what a lot of individual investors want and need in their fixed income portfolios is something that's fairly high yield, very high quality and floating rate," says Kerschner. "Because the majority of fixed income in the US is fixed rate. And it's very hard to access anything in size that's floating rate."

Janus Henderson almost launched the first CLO ETF — the firm was pipped to the post by Alternative Access Funds' First Priority CLO Bond ETF, which launched in September 2020. But by the following month, the Janus Henderson AAA CLO ETF was ready to go, with USD 120m in AUM.

"It just so happened that timing was great because spreads were very wide,"

\$23.3bn

AUM of Janus Henderson's JAAA CLO ETF. It started with USD 120m.

says Kerschner. "And the Fed was relatively quickly going to start raising rates. So we were able to go out there and tell the story. We did so many calls with investors and press, did a lot of PR just to educate investors. We wrote white papers. We published research. It was a lot of groundwork, and travel, and education, and hand-holding."

The first real test for JAAA came in 2022 during the bond sell-off. "Very few investors were prepared for the devastation they saw during that year for fixed income portfolios," says Kerschner. "Depending on what you owned, you could be down 10% or 15%. But JAAA was positive."

Kerschner points to 2022 as a turning point for the CLO market. Floating rate products benefited from the rising yield environment, and awareness of CLOs — and CLO ETFs — was growing amongst the advisor community. By then, JAAA had a two-year track record and demand was high. In January 2022, JBBB was launched. This was followed in November 2023 by JSI — Janus Henderson Securitised Income.

In July 2025, the firm rolled out the Janus Henderson Asset-Backed Securities (ABS) ETF — or JABS — which Kerschner has described as "a fixed rate complement to JAAA". This latest launch came just as the market was recalibrating after the shock of April's Liberation Day, which saw outflows across the entire ETF market.

CLO ETFs coped in the April squeeze

"April was a great liquidity test," says Jessica Shill, who is now a portfolio manager on the securitised credit team. "Sure, it was short, but it was a real liquidity event. But [CLO ETFs] performed as expected. When you look at the percentile widening across the CLO stack relative to comparable credit products,



Depending on what you owned, you could be down 10% or 15%. But JAAA was positive

John Kerschner
Global head of securitised products & portfolio manager
Janus Henderson

it was in line. I think that shows that [CLO ETFs] did not create a more profound impact on price spread widening in a liquidity event as some people may have expected before April. I think and hope that it should give other market players more credence and hopefully support... CLO ETFs."

Following the successful launch of JABS, Kerschner is now looking to the future. He was recently named global head of securitised products at Janus Henderson and will be spending more time in London as part of this role. Shill is involved in day-to-day investing and manager due diligence, while Nick Childs, who has a senior role in the securitised group and acts as portfolio manager on all of Janus Henderson's securitised ETFs, will be stepping up.

Kerschner expects to make more senior hires in the year ahead. "With our existing team, we've grown the securitised business at Janus Henderson from about USD 16bn to over USD 60bn," he says.

"We did hire two additional people last year to help better leverage the time of our portfolio managers. And we will look to further invest in our securitised franchise and hire in mortgages and CLOs in the future.

If you look globally, the team is about 22 people right now."

More fund launches are also in the pipeline, although Kerschner won't be drawn on when or where. "In the past year, we have launched a number of UCITS products in Europe, including a EUR triple A CLO UCITS ETF, a USD triple A CLO UCITS ETF, and a mortgage-backed securities UCITS ETF," he says. "We acquired Tabula, which is an ETF platform based in London, to help with that last year. It is now integrated and helping us launch products over in the European and offshore markets."

At the mid-point of 2025, the hottest space for CLO ETFs was the European market, with many asset managers rushing to launch products in response to soaring global investor demand. Janus Henderson's new European base hints at the possibility of new fund launches in the region, but the firm is also expanding its reach on the other side of the Atlantic, with a new office in New York, in addition to its Denver headquarters.

With Kerschner's eye for an emerging trend, and a well-staffed securitised department, the market will be watching to see what Kerschner and his team do next.

European CLO ETFs seek to replicate growth of US counterparts

After a flurry of launches in the first half of 2025, more European CLO ETFs are expected soon.

Since Fair Oaks launched the first European CLO in late 2024, Janus Henderson, Palmer Square, BlackRock, Eldridge, BNP Paribas, Eurizon and Invesco have all launched similar strategies. Meanwhile, Blackstone is preparing to launch in Europe and UBS has received approval. And more are on the way, according to sources.

Amir Vardi, portfolio manager at UBS Asset Management, believes the growth of the European CLO ETF market is due to increased investor demand and to success in the US, where there are more than 20 CLO ETFs.

"The European market is much less crowded, but the attractions and benefits are similar," he says.

Whereas retail investors are the main buyers in the US, institutional investors are prevalent in

Europe. "We have seen interest from corporate treasurers to use these in an ETF format to manage their liquidity," says Corinne Lamesch, deputy CEO of Luxembourg fund association ALFI.

Vardi adds: "This space attracts a combination of large institutional investors which do not have the ability to purchase directly, medium-sized institutions that are not large enough to open separate accounts, and

wealthier individual clients."

The growth potential is huge. Today, Europe has less than EUR 1bn of CLO ETFs. "If European demand follows a trajectory similar to that of the US, the market could expand to between EUR 8bn and EUR 10bn over the next five years," says Taylor Moore, portfolio manager at Palmer Square.

"In fact, it wouldn't be surprising to see it grow by as much as EUR 4bn within the next year."

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There is no assurance the stated objective(s) will be met. The Fund may be subject to greater investment risk than a money market fund.

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OBJECTIVE: Janus Henderson AAA CLO ETF (JAAA) seeks capital preservation and current income by seeking to deliver floating-rate exposure to high quality AAA-rated collateralized loan obligations ("CLOs").

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.

Collateralized Loan Obligations (CLOs) are debt securities issued in different tranches, with varying degrees of risk, and backed by an underlying portfolio consisting primarily of below investment grade corporate loans. The return of principal is not guaranteed, and prices may decline if payments are not made timely or credit strength weakens. CLOs are subject to liquidity risk, interest rate risk, credit risk, call risk and the risk of default of the underlying assets.

Concentrated investments in a single sector, industry or region will be more susceptible to factors affecting that group and may be more volatile than less concentrated investments or the market as a whole.

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

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