Janus Henderson

SUSTAINABLE CREDIT ACTIVE ETF (MANAGED FUND)

Janus Henderson INVESTORS

As at July 2023

Fund objective
The Fund seeks to achieve a total return before fees that exceeds the total return of the Benchmark by 0.75% p.a. over rolling three year periods.

Sustainability objective
The Fund seeks to invest in credit securities which the Manager expects currently or will in the future contribute positively towards eight ‘People’ and/or ‘Planet’ themes.

Investment approach
The Manager utilises a proprietary ‘Holistic’ framework combining qualitative ESG assessments with third-party ESG measures and metrics to assess issuers; a process then complemented by active stewardship and engagement activities.

Benchmark
Bloomberg AusBond Composite 0-5 Yr Index

Risk profile
Medium

Suggested timeframe
3 years

Active ETF inception date
14 March 2023

Underlying fund inception date
7 February 2023

Active ETF size
$0.3 million

Underlying Fund size
$53.09 million

Management cost (%)
0.50 p.a.

Buy/sell spread (%)
0.06/0.10^

Base currency
AUD

Distribution frequency (if any)
Monthly

ARSN code
662 889 214

APIR code
HGI0694AU

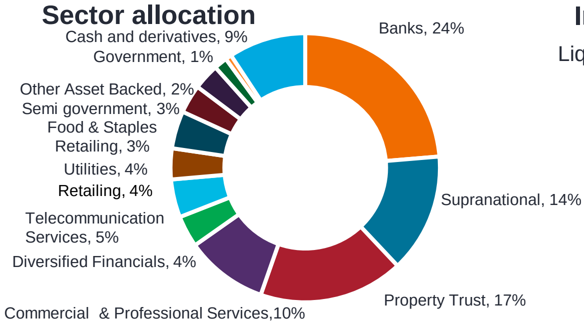
ISIN
AU000254278

ASX code
GOOD

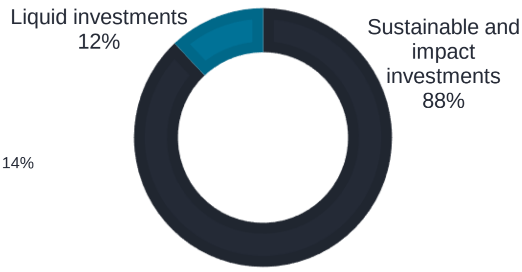
Performance	1 Month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (%)
Fund (gross)	0.89	-0.82	-	-	-	-	-	0.18
Fund (net)	0.85	-0.95	-	-	-	-	-	-0.01
Benchmark	0.72	-0.98	-	-	-	-	-	-0.31
Excess return*	0.17	0.16	-	-	-	-	-	0.49

*In line with the fund objective, the excess return is measured against gross performance. Gross return is gross of management costs and sell spread. Past performance is not a reliable indication of future results.

Sector allocation

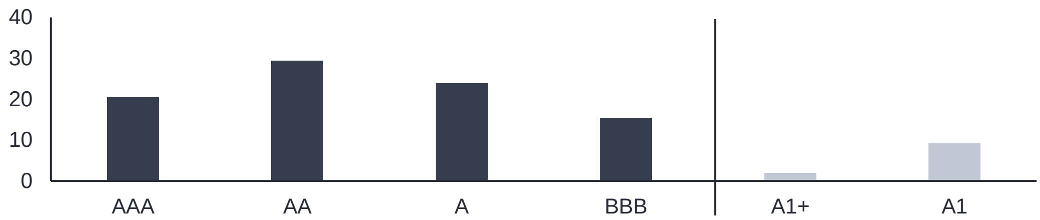


Investments breakdown



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio Characteristics	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM)1	5.17	4.28
Running yield	3.67	2.98
Weighted average credit quality	AA-	AA+
Number of securities (on a look through basis)	59	490
Modified duration	2.71	2.41
Active duration position	0.30	

[1]Estimated Weighted Average Yield to Maturity is a measure of the average annual yield of all securities in the Fund (Grossed up for franking credits, where applicable). Benchmark duration is as at month end and therefore does not include rebalancing.

Top holdings

African Development Bank 1.1% 16/12/2026 AUD
ANZ Bank Subordinated FRN BASEL III T2
Commonwealth Bank Of Australia FRN 23/12/2026 AUD
Commonwealth Bank Of Australia Subordinated FRN BASEL III T2
CPPIB Capital Inc 1.5% 23/06/2028 AUD REGS
DWPF Finance Pty Ltd 2.6% 04/08/2032 AUD
La Trobe University 5.311% 08/08/30 AUD
NBN CO LTD 4.2% 14/04/2027 AUD REGS
Transpower New Zealand Ltd 4.977% 29/11/2028 AUD
Vicinity Centres Trust 4.927% 02/06/2028 AUD REGS

^ For more information and most up to date buy/sell spread information visit www.janushenderson.com/en-au/investor/buy-sell-spreads.

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SUSTAINABLE CREDIT ACTIVE ETF (MANAGED FUND)

(continued)

Janus Henderson INVESTORS

Head of Australian Fixed Interest
Jay Sivapalan

Portfolio Manager
Shan Kwee

Fund performance

The Janus Henderson Sustainable Credit Active ETF (Managed Fund) (Fund) returned 0.89% (gross). The Fund outperformed the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) by 0.17% (gross) in July, which returned 0.72% over the month.

The fall in bond yields in the month generated positive capital returns for longer duration bonds. This was coupled with higher levels of income. We cautiously added duration towards the end of June when rates lifted above our assessment of fair value. This overweight to duration was a positive contributor to performance in July as yields came off their highs in the aftermath of the CPI figures which indicated an easing in inflationary pressures.

It was a good month of outperformance from credit, returns benefitting from both additional income and some spread tightening. Overweight credit allocations were a positive contributor as a result.

The Sustainable Credit Fund has a dual mandate; a sustainability objective and a performance objective. Each company within the portfolio has gone through our credit approval process, which includes negative screens, credit analysis and a sustainability assessment using our proprietary holistic ESG framework and active stewardship (where appropriate). In conjunction with normal portfolio construction practices, securities are chosen for their alignment with sustainable themes as well as their return potential for investors. These themes include 'Planet' (decarbonisation, circular economy, sustainable buildings, biodiversity) and 'People' (equality and alleviating poverty, inclusion and social diversity, aid disability support, affordable housing).

The Fund invests in a diversified and sustainable allocation of credit and agency securities, with at least 80% exposure to securities deemed 'Sustainable' and/or 'Impact' in our assessment. The Fund has close to 70% allocated to investment grade credit, with the remainder across supranationals & agencies, semi governments and liquidity.

One of the themes the Fund is targeting is ‘Promote Decarbonisation’. In our recent publication we discuss the following:

• Australian companies need to not only set carbon reduction targets but outline a credible decarbonisation pathway of how this will be achieved.

• Government involvement is vital – tools include subsidies, incentives, and penalties

• Debt investors can hold Australian companies accountable for not decarbonising quick enough

• Domestic debt instruments are available to support companies to decarbonise

• Decarbonisation should become an opportunity for Australian companies and investors

go.janushenderson.com/promoting_decarbonisation_the_aussie_way

Healthy returns were driven from attractive yields on quality credit as well as active credit selections that continued to perform well during July. This was complimented by some active repositioning in interest rate duration as bond yields rose sharply through June into early July, and we moved to overweight duration in the portfolio to lock in elevated yield levels into the portfolio. Interest rate duration was lifted to 0.3 years overweight versus the Benchmark as yields approached more attractive levels for investors.

During July, the Fund added two new high quality issuers NZ Local Government Funding Agency (NZ LGFA) and LaTrobe University via primary markets.

Market review

As central banks edge closer to their policy peak, markets are starting to hope that the inflation genie is back in the bottle, without much detriment to economic growth. This allowed for some divergence across bond tenors. Shorter dated markets see a near term peak in policy, but policy held steady for longer, while longer dated markets eased long term risks. Three-year government bond yields ended the month 18 basis points (bps) lower at 3.87%, while 10-year government bond yields were 4bps higher at 4.06%.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-Aug23

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Market Outlook

The RBA are now monitoring the balance between the slowing household sector, the strong labour market, and high wages growth. We know that the labour market lags the economy, reflecting the monetary policy conditions seen almost a year before, but the turn is difficult to pinpoint. We remain in the midst of the peaking of the economy but believe that policy will continue to grip and slow economic growth, with a shallow recession starting early next year not off the table.

We have reduced the probability of the very last hike in the cycle, with our central case now seeing one more hike to 4.35%. This may come through in either of the next two meetings. However, the longer the RBA leave it, the worse the coincident economic data appears and the harder it is for them to raise rates to tackle inflation. We currently see market pricing of one more rate hike, but delayed until 2024, and then policy held for an extended time, as underestimating the economic headwinds in 2024. We currently see the Australian yield curve as modestly under-valued. We remain on the lookout for tactical opportunities to add further duration on spikes in yields triggered by central bank signalling and data flows.

As the cumulative impact of tighter financial conditions continues to grip and the cycle ages, our focus in the credit space is towards defensiveness, with a keen focus on risk-adjusted returns. Our strong bias is towards high-quality, liquid credit and issuers that can survive and thrive through a range of macro-economic scenarios.

We are avoiding illiquidity, complexity and leveraged sectors, where we anticipate balance sheets will have to contend with a painful period of adjustment in a higher cost of capital environment. Lastly, by adopting a patient and disciplined approach to extending risk and reserving ample investment capacity we will be well placed to take advantage of any further market dislocations.

We remain unimpressed by relatively tight spreads on offer in the bank hybrid market and remain in favour of allocations in investment grade corporates and higher up in the bank capital structure in Tier 2 and senior debt. Both Senior and Tier 2 spreads rallied strongly during FY23 from elevated levels, and we have trimmed some active positions as a result. We continue to look for opportunities within securities producing higher yields as the broader market more rationally reprices risk, with conservatively geared Australian real estate investment trust (REIT) senior spreads showing attractive relative value.

We remain patient on sub investment grade and more illiquid credit, with a strong preference to earn reasonable income up in quality for now. Our expectation remains for lower quality credit spreads to widen as investors digest weakening corporate fundamentals in a higher cost of capital and slowing growth environment. We are withholding risk and liquidity capacity in anticipation of more attractive entry points for global high yield and loans. After the risk rally Credit Default Swaps are now providing cheaper entry points for credit protection and we have increased levels of protection as we approach the point in the cycle where effects of policy tightening should become more apparent.

ESG Commentary

Domestically, primary markets were generally quiet in July, which included only a few labelled ESG bond deals. Two were small private placement new green bond issues, both from supranationals, however we were able to access the two following deals for clients via primary markets. NZ Local Government Funding Agency (NZ LGFA) helps to fund the local councils across New Zealand, who provide services such as public transport, public housing, water treatment, and recycling collection. They also have a strong sustainability framework which can lend funds to borrowers at a discounted loan margin when they commit to address greenhouse gas (GHG) emissions aligned to science-based trajectory. During July they chose to issue a non-labelled bond in Australian Dollars. LaTrobe University issued their inaugural green bond on the last day of July. As well as their social impact through research and education, the University is committed to implementing, maintaining and continually improving environmental management processes to reduce its environmental footprint. Proceeds of the bond can be targeted toward projects aligned with green buildings, renewable energy, energy efficiency, clean transportation, pollution prevention, sustainable water and waste management as well as terrestrial and aquatic biodiversity conservation.

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(continued)

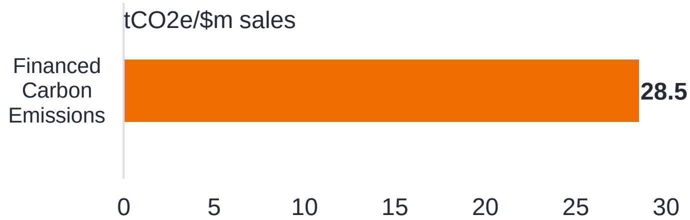
As at June Quarter 2023

Labelled bonds# structure breakdown	Fund
Sustainability-linked	9%
Sustainability	12%
Social	7%
Green	44%

Labelled bonds include use of proceeds bonds such as green, social and sustainability bonds which fund projects with specific and dedicated environmental and/or social benefits and sustainability-linked bonds that do not finance particular projects but rather have their coupons linked to the issuers reaching predetermined sustainability performance targets and key performance indicators. Percentages may not add up to 100% as the breakdown only considers labelled bond investments in the fund.
Source: Janus Henderson Investors

Carbon emissions (Scope 1 & 2) – Coverage 38.9%

Carbon intensity (GHG) – Coverage 68.9%



Source: Janus Henderson Investors
The Coverage refers to the data that is available from MSCI ESG analytics. They do not provide ESG data for all investable companies.

	Theme	Measure	Fund	Coverage
PLANET	Decarbonisation	% of issuers with a net zero target by 2050	94%	100%
PLANET	Circular economy	% of companies with programs for recycling, re-using and composting	92%	55%
PLANET	Sustainable buildings	% of companies who have obtained green building certificates	50%	55%
PLANET	Biodiversity	% of companies with a policy on biodiversity in place	67%	55%
PEOPLE	Inclusion & social diversity	% of companies with a minimum of 37% of women in senior positions*	57%	40%
PEOPLE	Inclusion & social diversity	% of companies with a minimum of 35% of women on the board	88%	40%
PEOPLE	Affordable housing	Number of dwellings developed to provide more affordable housing projects*	4,900	
PEOPLE	Affordable housing	Number of Australians who were assisted in the purchasing or building of a home*	61,000	
PEOPLE	Disability support & services	Of those assisted in the purchasing of new homes, % of households with a disability supported*	30%	
PEOPLE	Social equality & poverty	% of companies that support charitable program, direct contributions to community and have affirmative action policies in place	50%	55%

Source: Janus Henderson Investors
Note: * These figures represent outcomes aligning to the relevant 'People' theme, which result from funding provided via instruments in which the Fund invests. Coverage refers to the percentage of companies in our corporate universe that report on the respective metrics. This data iscollated from company sustainability statements as well as third party systems by the investment team.

Important information

A Product Disclosure Statement, dated 7 February 2023, and Additional Information Guide, dated 30 May 2023 is available at www.janushenderson.com/australia and contains more information on the investment objective, how we make ESG assessments and identify ' Sustainable' and 'Impact' investments contributing to 'People' and 'Planet' themes.

Past performance is not a reliable indicator of future performance. Performance source: Morningstar, Janus Henderson. Performance figures are calculated using the exit price net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. The information in this monthly report was prepared by Janus Henderson Investors (Australia) Funds Management Limited ABN 43 164 177 244, AFS Licence 444268 (Janus Henderson) in respect of the Janus Henderson Sustainable Credit Active ETF (Managed Fund) (**Fund**) and should not be considered a recommendation to purchase, sell or hold any particular security. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested. Holdings are subject to change daily.

This monthly report contains general information only and is not intended to be nor should it be construed as advice. This monthly report does not take account of your individual objectives, financial situation or needs. Before acting on this information you should consider the appropriateness of the information having regard to your objectives, financial situation and needs. You should obtain a copy of the Product Disclaimer Document (PDS) and read it before making a decision about whether to invest in the Fund.

No person guarantees the performance of, rate of return from, nor the repayment of capital in relation to the Fund. An investment in the Fund is not a deposit with, nor another liability of, Janus Henderson Investors (Australia) Funds Management Limited nor any of the Janus Henderson group entities nor any of their related bodies corporate, associates, affiliates, officers, employees or agents. An investment in the Fund is subject to risk, including possible delays in repayment and loss of income and capital invested. Prospective investors should refer to the risk sections in the PDS for full disclosure of all risks associated with an investment.

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Further information
www.janushenderson.com/australia