Janus Henderson

SUSTAINABLE CREDIT ACTIVE ETF (MANAGED FUND)

Janus Henderson INVESTORS

As at September 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
$0.5 million

Underlying Fund size
$54.4 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

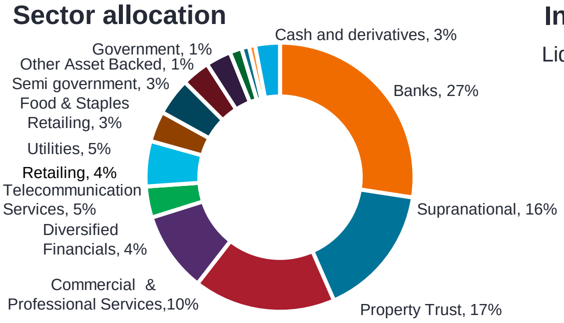
ISIN
AU000254278

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)	-0.56	1.24	-0.05	-	-	-	-	0.52
Fund (net)	-0.60	1.11	-0.30	-	-	-	-	0.25
Benchmark	-0.38	1.04	-0.45	-	-	-	-	0.00
Excess return*	-0.18	0.20	0.40	-	-	-	-	0.52

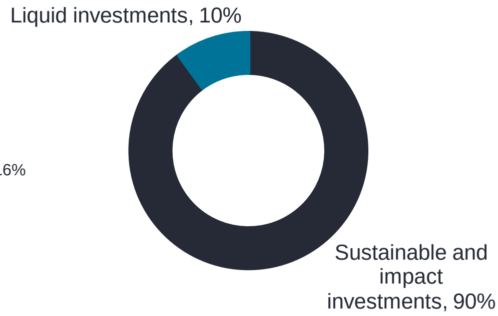
*In line with the fund objective, the excess return is measured against gross performance. Gross return is gross of management costs and sell spread. Past performance is not a reliable indication of future results.

Sector allocation

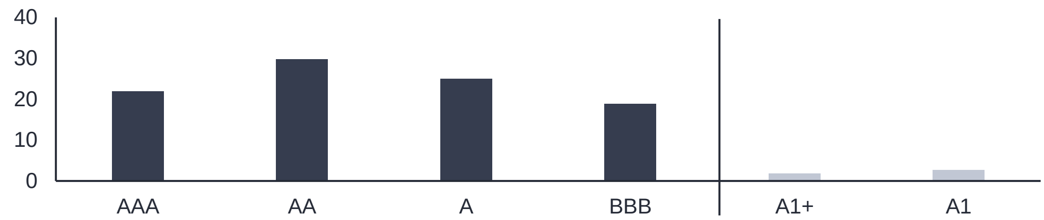


Rounding accounts for small +/- from 100%.

Investments breakdown



Credit rating distribution (%)



Portfolio Characteristics	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM)1	5.41	4.41
Running yield	4.17	3.00
Weighted average credit quality	AA-	AA+
Number of securities (on a look through basis)	64	491
Modified duration	2.94	2.37
Active duration position	0.57	

[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 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
GPT Wholesale Office Fund No1 3.222% 05/11/2031 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.

Janus Henderson

SUSTAINABLE CREDIT ACTIVE ETF (MANAGED FUND)

(continued)

Head of Australian Fixed Interest
Jay Sivapalan

Portfolio Manager
Shan Kwee

Fund performance

The Janus Henderson Sustainable Credit Active ETF (Managed Fund) (Fund) returned -0.60% (net) and -0.56% (gross). The Fund underperformed the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) by -0.18% (gross) in September, which returned -0.38% over the month.

Despite higher levels of income, yields rose over the month resulting in negative capital returns for longer duration bonds. We remained disciplined with adding duration throughout the month and whilst valuations are becoming attractive, we are continuing to look for better entry levels to increase conviction and active portfolio overweights.

Australian credit performed positively in September, buoyed by the embedded elevated yields while spreads were broadly unchanged. We remain cautious and selective on credit, buying in the industries we like such as inflation protected industries, senior bank paper, and high quality well collateralised Asset Backed Security (ABS) structures.

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.

Income generation remains strong and local Australian high-grade credit continues to add value this year with credit spreads and swap rates compressing further. Interest rate duration was the main negative return contributor for the month as bond yields moved higher, a modest active overweight positioning generated some underperformance for September. We added a further 0.1 year duration late in the month as yields showed further value, bringing portfolio positioning to 2.9 years total. During the quarter, the Fund has added allocations to high quality issuers NZ Local Government Funding Agency (NZ LGFA), LaTrobe University and IFC social bonds via primary markets.

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

For further insights from our team, please view the following articles:

• Five sustainable investing myths busted

• Can the bond market help solve the housing affordability crisis?

• Green Bonds: an investment in the planet’s future?

• Investing in a fairer future: Social bonds in focus

We currently see market pricing of one hike and easing in 2025 as underestimating the economic headwinds in 2024.

Market review

Bond market volatility continued, with the August price gains reversing in September and the sell-off extended late in the month. The Reserve Bank of Australia (RBA) remain uncertain, and continued their cautious pause, at 4.10%, at their September meeting. Three-year government bond yields ended the month 34 basis points (bps) higher at 4.08%, while 10-year government bond yields were 46bps higher at 4.49%.

Global credit markets were downbeat as investors returned from the northern hemisphere summer break and contemplated a murky forward macro-outlook. Sentiment was further weakened by a sharp rise in bond yields towards quarter end. Soft-landing probabilities were re-assessed and an increasingly credible scenario of weaker growth alongside a higher-for-longer rate environment to combat sticky inflation was contemplated (i.e. Stagflation), with negative implications for risk assets more broadly. The Australian iTraxx Index ended 3bps wider (roll adjusted) at 88bps, while the Australian fixed and floating credit indices returned -0.58% and +0.37% respectively

Market outlook

The RBA are now monitoring the balance between the slowing household sector, the strong labour market, and high wages growth. 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. The RBA are closely monitoring the rise in oil prices as well as global economic slowing as risks to the outlook.

We currently see market pricing of one hike and easing in 2025 as underestimating the economic headwinds in 2024. We currently see the Australian yield curve as under-valued at points in the curve. We remain on the lookout for tactical opportunities to add further duration on spikes in yields triggered by central bank signalling and data flows.

Our credit strategy remains skewed towards high-quality, investment grade issuers with resilient business models, solid earnings power and conservative balance sheets. We have been actively and selectively taking advantage of the attractive yields on offer in highly rated corporate bonds and structured credit.

We continue to identify pockets of opportunity where perceived risks have been overly discounted into the valuations of what would traditionally be considered stable and sustainable credits. We have begun to access such opportunities where a strong case can be made for capital gains over-and-above already attractive cash yields, setting up for outstanding risk adjusted returns for patient investors with a medium term investment horizon.

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, senior and secured AAA 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 now look to 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.

Janus Henderson INVESTORS

In offshore markets, despite global green bond issuance remaining healthy at over $400 billion this year, the 'greenium' appears to be narrowing.

We are electing to be under allocated to sub investment grade and 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.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit https://go.janushenderson.com/Viewpoint-Oct23

For further insights on our duration view please visit: https://go.janushenderson.com/bond-markets-much-ado-about-duration-monthly-reports

ESG Commentary

The domestic green, social, and sustainability bond market was relatively inactive in September with only a handful of smaller deals coming to market, while over the pond, Auckland Council and Transpower NZ both issued green bonds in New Zealand Dollars.

In offshore markets, despite global green bond issuance remaining healthy at over $400 billion this year, the 'greenium' appears to be narrowing. A greenium refers to the discount in borrowing costs that a company receives from issuing a green labelled bond relative to their normal funding curve.

SUSTAINABLE CREDIT ACTIVE ETF (MANAGED FUND)

Janus Henderson INVESTORS

(continued)

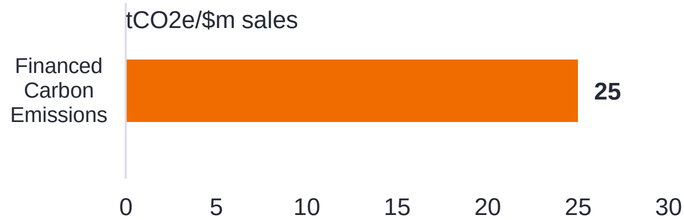
As at September Quarter 2023

Labelled bonds# structure breakdown	Fund
Sustainability-linked	8%
Sustainability	11%
Social	10%
Green	43%

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 40%

Carbon intensity (GHG) – Coverage 71.6%



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 35% 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 29 September 2023, and Additional Information Guide, dated 29 September 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.

None of Janus Henderson Investors (Australia) Funds Management Limited nor any of the Janus Henderson group entities nor their respective related bodies corporate, associates, affiliates, officers, employees, agents or any other person are, to the extent permitted by law, responsible for any loss or damage suffered as a result of any reliance by any reader or prospective investor. You should consider the current PDS, available at www.janushenderson.com/australia, before making a decision about the Fund. Target Market Determinations for funds issued by Janus Henderson are available here: www.janushenderson.com/TMD. Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated.

Further information
www.janushenderson.com/australia