Janus Henderson

SUSTAINABLE CREDIT ACTIVE ETF (MANAGED FUND)

As at December 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
$58.9 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

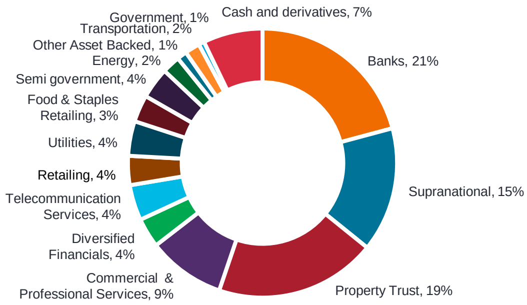
ISIN
AU000254278

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)	1.99	3.18	4.46	-	-	-	-	3.72
Fund (net)	1.94	3.05	4.20	-	-	-	-	3.30
Benchmark	1.39	2.22	3.28	-	-	-	-	2.22
Excess return*	0.60	0.96	1.18	-	-	-	-	1.50

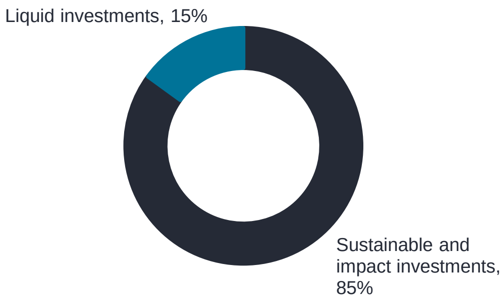
*In line with the fund objective, the excess return is measured against gross performance. Gross return is gross of management costs and sell spread. Past performance is not a reliable indication of future results.

Sector allocation

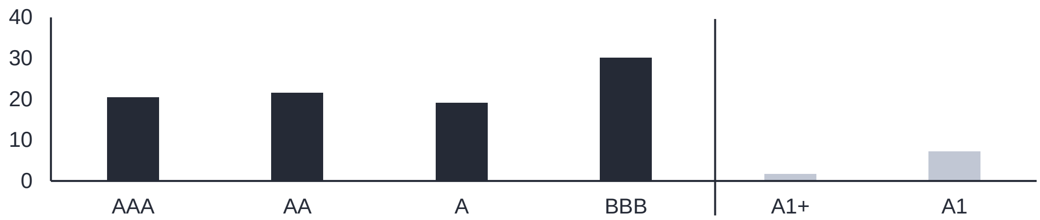


Rounding accounts for small +/- from 100%.

Investments breakdown



Credit rating distribution (%)



Portfolio Characteristics	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM)1	4.96	4.05
Running yield	4.33	2.98
Weighted average credit quality	AA-	AA+
Number of securities (on a look through basis)	68	515
Modified duration	2.74	2.39
Active duration position	0.36	

[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.

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(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 1.94% (net) and 1.99% (gross). The Fund outperformed the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) by 0.60% (gross) in December, which returned 1.39% over the month.

A fall in yields coupled with higher coupon income resulted in very strong positive returns for longer duration bonds. This added value for us as active management on duration positions in the portfolio were rewarded. Curve positioning also added alpha with the longer end of the yield curve outpacing the shorter end during the rally.

Credit spreads narrowed over the month, and together with higher levels of income, resulted in another strong month for investment grade credit. Our strategy over recent months has remained consistent - selectively take advantage of the attractive yields on offer in highly rated corporate bonds, securitised prime quality RMBS and bank senior bonds, particularly in the primary markets where transactions have come with new issue concessions. We continue to prefer to take larger active positions in safer parts of credit, which has added to outperformance in the recent quarter as spreads tightened.

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 over 75% allocated to investment grade credit, with the remainder across supranationals & agencies, semi governments and liquidity. 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 versus benchmark.

Returns for the month and quarter were significantly boosted by the swift rally in bond yields supported by healthy levels of income generation and a tailwind from credit spreads rallying. Returns were lifted well in excess of 1% for the second month in row. Our active overweight duration position and stock selection also materially outperformed the Benchmark. Fund interest rate duration positioning peaked at 3.1 years while yields were elevated during the quarter, and we have elected to reduce positioning by 0.4 years to take profit from the sharp rally in bond yields, while maintaining a modest active overweight versus Benchmark. During the quarter we participated in new primary transactions before issuance slowed in December. During November we added positions in Australian Unity Healthcare Property Trust who own 104 properties with a focus on hospitals, Medicare centres, and aged care facilities and issued a six-year bond yielding 6.8%. Contact Energy, a significant generator of renewable energy in New Zealand, issued a green bond yielding 6.4% with proceeds looking to support their ongoing investment in geothermal and hydro power generation capacity. We see the current landscape offering sustainable credit investors attractive income opportunities in the quality end of the credit spectrum.

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
- Promoting decarbonisation, the Aussie way

The RBA continue to monitor the balance between the slowing household sector, the strong labour market, and high wages growth.

Market Review

Markets have completed the turn, signalling an end to hiking and anticipating a full easing cycle, with Australia being pulled along for the ride.

While the Reserve Bank of Australia (RBA) are right to continue to monitor for elevated inflation risks, the slowdown in economic growth and lower global inflation allows for the balance of risks to turn to the next phase of the cycle. With risks more balanced, the RBA kept the cash rate unchanged at their December meeting. Three-year government bond yields ended the month 40 basis points (bps) lower at 3.61%, while 10-year government bond yields were 45bps lower at 3.96%.

Another strong rally in bond markets, for the second month in a row, has been precipitated by the moderation in global inflation measures, and a seeming pivot in the US Federal Reserve's (Fed) monetary policy stance.

Risk markets rallied hard in December as the Fed telegraphed an end to their tightening cycle, and markets quickly moved to price more rate cuts in 2024. In credit markets, bifurcation is expected to persist into the new year. Returns on offer in low default risk investment grade bonds and upper echelons of securitised markets remained attractive on a risk-adjusted basis.

The Australian iTraxx Index ended 6bps tighter at 68bps, while the Australian fixed and floating credit indices returned +2.10% and +0.51% respectively.

Market Outlook

The RBA continue to monitor the balance between the slowing household sector, the strong labour market, and high wages growth. There are broadening signs of slowing in the economy through the household sector and the start of the business sector. This continues to be balanced against the stickiness of services inflation, and that will keep the RBA cautious until there is a clearer signal of downside risks and / or lower inflation.

Most G10 markets moved to more aggressive easing priced in for 2024, with the Fed expected to start cutting rates in March. Pricing for the RBA is far more modest, with the first cut expected in May 2024. Our base case is for the RBA to remain on hold at current rates before commencing an easing cycle in September 2024. We price a more modest than average easing cycle, of around 175bps, spread over 12 months. We now see the risks skewed to the downside, with a rising probability that the RBA may have to move earlier and slightly faster than our base case. In this scenario, the RBA starts moving in August 2024, with a total of 250bps of cuts, to below neutral interest rates.

In recognition of the complex global investment environment, 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, particularly in the primary markets where transactions have come with new issue concessions.

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 2023 from elevated levels, and we have trimmed some active positions as a result. We 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.

It was an extremely quiet month of issuance for sustainable bonds, with only a green bond from Tokyo Metropolitan Government being issued.

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 remain bumpy as investors digest weakening corporate fundamentals as the higher cost of capital and slowing growth environment takes time to wash through earnings. We are withholding risk and liquidity capacity in anticipation of more attractive entry points for global high yield and loans. In recent months we have increased levels of credit protection (via credit default swaps) 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-Jan24.

For further insights on our views for 2024 where cyclical factors will likely dominate structural pressures please visit: https://go.janushenderson.com/AFI-2024-Outlook.

ESG Commentary

It was an extremely quiet month of issuance for sustainable bonds, with only a green bond from Tokyo Metropolitan Government being issued.

This slow down in December is consistent with the same time last year, although noting December 2022 was across four issuers but with smaller deal sizes.

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Janus Henderson INVESTORS

(continued)

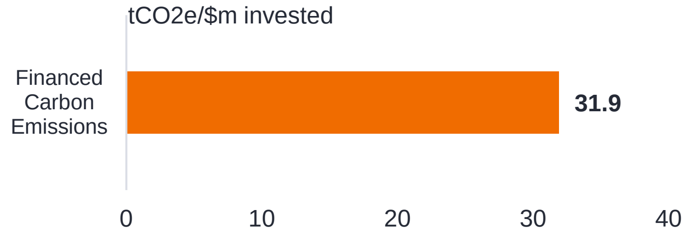
As at December Quarter 2023

Labelled bonds# structure breakdown	Fund
Sustainability-linked	8%
Sustainability	11%
Social	10%
Green	40%

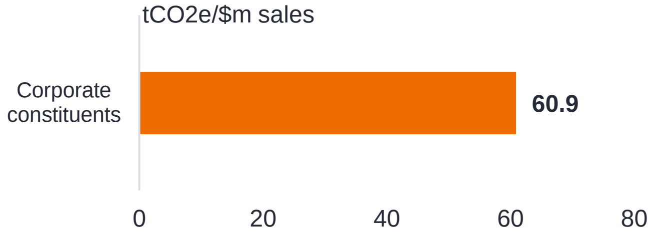
Labelled bonds include use of proceeds bonds such as green, social and sustainability bonds which fund projects with specific and dedicated environmental and/or social benefits and sustainability-linked bonds that do not finance particular projects but rather have their coupons linked to the issuers 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

Financed Carbon Emissions (Scope 1 & 2) – Coverage 23.9%



Weighted Average Carbon Intensity (Scope 1 & 2) – Coverage 53.5%



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	97%	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*	83%	100%
PEOPLE	Inclusion & social diversity	% of companies with a minimum of 35% of women on the board*	86%	100%
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 is collated 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.

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Further information
www.janushenderson.com/australia