Janus Henderson

SUSTAINABLE CREDIT ACTIVE ETF

As at January 2025

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
$1.5 million

Underlying Fund size
$71.8 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

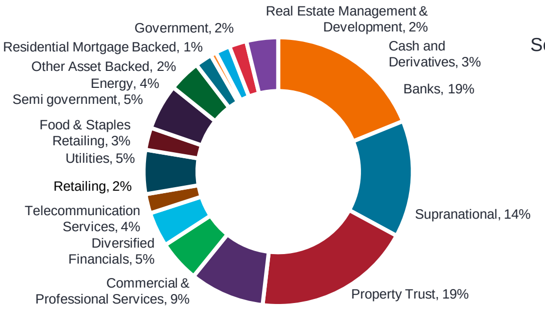
ISIN
AU000254278

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 (% p.a.)
Fund (gross)	0.65	2.18	2.92	5.71	-	-	-	5.28
Fund (net)	0.61	2.05	2.66	5.18	-	-	-	4.76
Benchmark	0.40	1.63	2.15	4.00	-	-	-	3.51
Excess return*	0.25	0.55	0.77	1.71	-	-	-	1.77

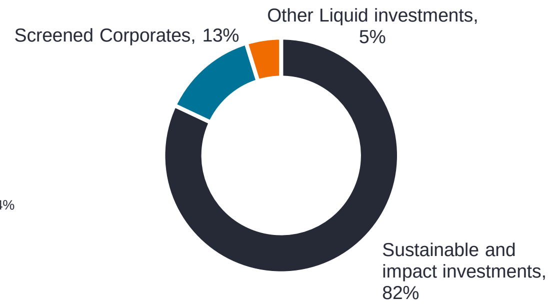
*In line with the fund objective, the excess return is measured against gross performance. Gross return is gross of management costs and sell spread. Past performance is not a reliable indication of future results.

Sector allocation

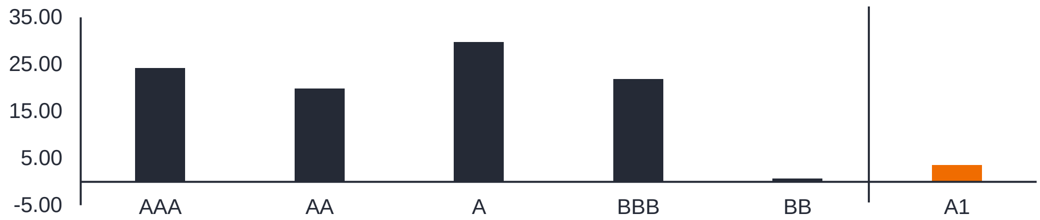


Rounding accounts for small +/- from 100%.

Investments breakdown



Credit rating distribution (%)



Portfolio Characteristics	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM) [1]	4.88	4.12
Running yield	4.55	3.19
Weighted average credit quality	AA-	AA+
Number of securities (on a look through basis)	93	545
Modified duration	2.78	2.34
Active duration position	0.44	

[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

University Of Tasmania 3.97% 24/03/2032 AUD
La Trobe University 5.311% 08/08/30 AUD
Bank Australia Ltd FRN 22/02/2027 AUD
NBN CO LTD 4.2% 14/04/2027 AUD REGS
Transpower New Zealand Ltd 4.977% 29/11/2028 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
African Development Bank 1.1% 16/12/2026 AUD
GPT Wholesale Office Fund No1 3.222% 05/11/2031 AUD

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

SUSTAINABLE CREDIT ACTIVE ETF

(continued)

Head of Australian Fixed Interest
Jay Sivapalan

Portfolio Manager
Shan Kwee

Fund Performance

The Janus Henderson Sustainable Credit Active ETF (Fund) returned 0.61% (net) and 0.65% (gross). The Fund outperformed the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) by 0.21% (net) in January, which returned 0.40% over the month.

A solid start to begin 2025 with healthy income from credit delivering ongoing robust outcomes for investors, despite a noisy period in global politics and policy announcements. Excess returns were driven by outperformance of overweight sectors such as Universities and REITs, while also being underweight Semis which underperformed post a shocking budget from Queensland. As we look ahead, the outlook for income generation remains solid and select deals on offer in Australian IG credit remains attractive value, which we still favour as an allocation while US spreads are trading fully valued. Healthy risk adjusted income levels are being generated whilst we maintain a relatively conservative credit risk position. We continue to favour IG credit allocations, paired with some cheap credit hedging via CDS which can provide robust returns through a range of market scenarios. As bonds rallied we further trimmed duration to 2.8 years, we also observe that swap yields are now materially below government bond yields, so we elect to neutralise our bond/swap spread exposure which has locked in gains from compression over the prior year.

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. 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 securities with at least 80% exposure to securities deemed 'Sustainable' and/or 'Impact' in our assessment, and has around 75% allocated to investment grade credit.

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

- Green Bonds: an investment in the planet's future?
- Investing in a fairer future: Social bonds in focus
- Promoting decarbonisation, the Aussie way

Market Review

Australian bond yields rose in the back end of the curve given concerns over US policy uncertainty, strong economy, halted Fed easing, global rate cuts, and tariff concerns, but strong bond issuance continued amidst demand.

A swift start to primary credit issuance was well absorbed by the market. The Australian iTraxx Index ended 3 bps tighter at 67bps, while the Australian fixed and floating credit indices returned +0.44% and +0.47% respectively.

Global fixed rate credit performed well with US yields modestly lower and spreads remaining supported. ASX hybrids were the worst performing subsector posting a negative return despite the resilient global environment.

For Australian bank capital investors, APRA confirmed its proposal to completely phase out Additional Tier 1 bank hybrids effective from 1 Jan 2027, thereby prospectively removing a well-understood higher yielding asset class from the market.

The Australian economy is sluggish, and while no recession is forecast, the pressure of higher interest rates is broadening out across sectors of the economy.

Market Outlook

The Australian economy is sluggish, and while no recession is forecast, the pressure of higher interest rates is shown across a number of sectors of the economy. Core inflation continues to moderate. Tight monetary policy is no longer necessary. An extended period of policy at restrictive levels will slow growth further and risk a policy mistake if held for too long. The global economic backdrop shows a strong United States but weakness elsewhere. There are also growing risks which generate volatility, such as trade wars and geopolitical events.

Our base case is for the RBA to commence an easing cycle in February 2025. We price a more modest than the historically average easing cycle, of around 110bps, spread across 2025. We presently have no tilt to the high or low case. The low case is for more easing over the whole cycle. The high case looks for just 85bps of easing. The market brought forward an RBA easing cycle, commencing in February, with 84bps priced over ten months. We believe there is limited value in targeted parts of the curve. We hold a modest duration position and look to adjust the position through market volatility.

In the prevailing environment with political and policy uncertainty with tighter valuations in global markets, our credit strategy remains focused on high-quality, investment grade issuers with resilient business models and conservative balance sheets. Conversely, we are avoiding lower credit quality and leveraged corporate and consumer sectors where stress remains in a higher rate, lower growth environment. All-in yields particularly in lower risk Australian Investment Grade credit remain attractive. We continue to actively and selectively take advantage of these yields in highly-rated corporate bonds and structured credit in both primary and secondary markets, where risk adjusted returns make sense.

Notwithstanding default stress having risen in lower quality and leveraged segments of global credit markets, investor attitudes remain buoyant. Compensation for risk remains compressed even as central banks consider leaving rates higher for longer. Growing frictions are increasingly evident across pockets of private credit. Our preference is to earn decent income up-in-quality, leaving capacity and liquidity to take advantage of more attractive entry points for global high yield, loans, structured credit and emerging market debt which we anticipate should arise in the current complex global investment environment. Relative value in Loan spreads remains attractive and we have moved to a more neutral position in that sector. We continue to hold credit protection (via global index CDS) which remains cheap, as risk markets are not priced for negative surprises.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit https://go.janushenderson.com/Viewpoint-Feb25

2025 kicked off with strong issuance in the Australian sustainable bond market. A range of supranationals were active, issuing large benchmark sized deals.

ESG Commentary

2025 kicked off with strong issuance in the Australian sustainable bond market. A range of supranationals were active, issuing large benchmark sized deals. This is on the back of 2024 marking the second highest issuance volumes in global labelled bonds in the past five years. Aggregate issuance was ~15% higher than 2023.

SUSTAINABLE CREDIT ACTIVE ETF

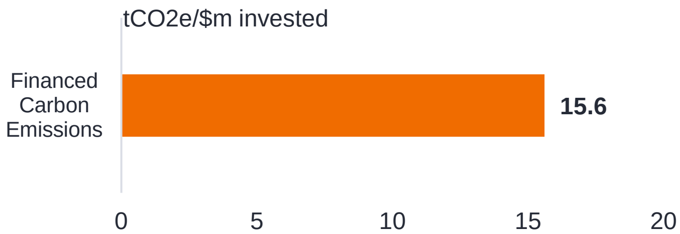
(continued)

As at December Quarter 2024

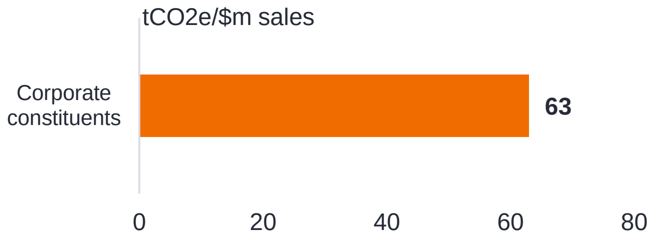
Labelled bonds# structure breakdown	Fund
Sustainability-linked	6%
Sustainability	11%
Social	9%
Green	43%

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

Financed Carbon Emissions (Scope 1 & 2)



Weighted Average Carbon Intensity (Scope 1 & 2)



AUM Coverage of 80.28%. The Coverage refers to the data that is available from MSCI ESG analytics. They do not provide ESG data for all investable companies.
Source: Janus Henderson Investors

	Theme	Measure	Fund	Coverage
PLANET	Decarbonisation	% of issuers with a net zero target by 2050	86%	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	79%	100%
PEOPLE	Inclusion & social diversity	% of companies with a minimum of 35% of women in senior positions*	87%	100%
PEOPLE	Inclusion & social diversity	% of companies with a minimum of 35% of women on the board*	61%	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
This table denotes the percentage of corporate issuers in the portfolio, deemed sustainable and/or impact, that meet those respective measurements.
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.

Janus Henderson INVESTORS

Important information

Further information
www.janushenderson.com/australia