

# SUSTAINABLE CREDIT ACTIVE ETF

Janus Henderson  
INVESTORS

## As at February 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

\$74.7 million

### Management cost (%)

0.50 p.a.

### Buy/sell spread (%)

0.06/0.10<sup>^</sup>

### Base currency

AUD

### Distribution frequency

(if any)  
Monthly

### ARSN code

662 889 214

### APIR code

HGI0694AU

### ISIN

AU0000254278

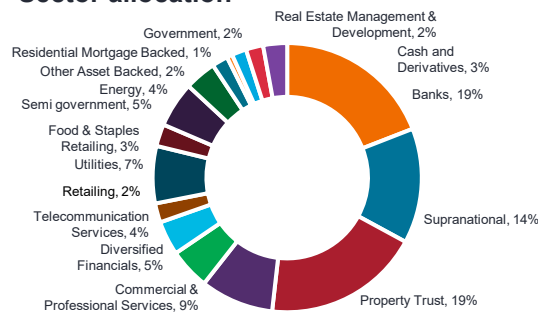
### ASX code

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)	0.78	2.13	2.66	6.34	-	-	-	5.49
Fund (net)	0.74	2.00	2.41	5.81	-	-	-	4.96
Benchmark	0.51	1.52	1.85	4.52	-	-	-	3.64
Excess return*	0.27	0.61	0.81	1.82	-	-	-	1.85

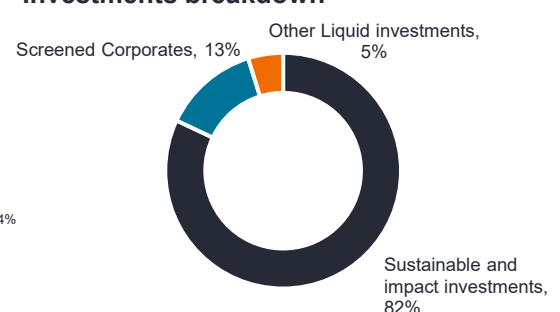
\*In line with the fund objective, the excess return is measured against gross performance. Gross return is gross of management costs and sell spread. Past performance is not a reliable indication of future results.

### Sector allocation

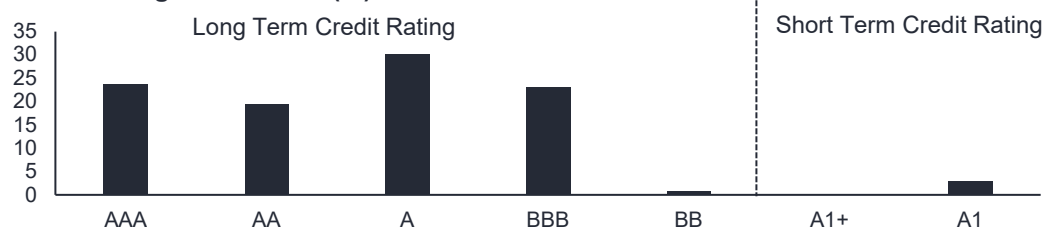


Rounding accounts for small +/- from 100%.

### Investments breakdown



### Credit rating distribution (%)



### Portfolio Characteristics

	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM) <sup>1</sup>	4.77	4.04
Running yield	4.50	3.19
Weighted average credit quality	AA-	AA+
Number of securities (on a look through basis)	95	553
Modified duration	2.71	2.31
Active duration position	0.39	

<sup>1</sup>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
NBN CO LTD	4.2%	14/04/2027	AUD REGS
Bank Australia Ltd	FRN	22/02/2027	AUD
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

<sup>^</sup> For more information and most up to date buy/sell spread information visit [www.janus Henderson.com/en-au/investor/buy-sell-spreads](http://www.janus Henderson.com/en-au/investor/buy-sell-spreads).

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**Head of Australian  
Fixed Interest**  
Jay Sivapalan



**Portfolio Manager**  
Shan Kwee

## Fund Performance

The Janus Henderson Sustainable Credit Active ETF (Fund) returned 0.74% (net) and 0.78% (gross). The Fund outperformed the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) by 0.23% (net) in February, which returned 0.51% over the month.

Returns remain solid with the Portfolio delivering 1.4% so far in 2025 versus cash at 0.7%. Credit income, interest rate duration and active security positioning benefited returns during the material market movements in February amidst a noisy period in global politics/policy and heady valuations. Despite ongoing heavy primary supply in global credit markets, we saw spread outperformance in Australian credit versus offshore global markets, favouring one of our key active relative value positioning calls. Australian IG credit excess returns materially outperformed US markets in which spreads softened. Relative credit excess returns were +0.25% in Australian IG, versus -0.38% and -0.48% in USD IG and HY respectively. An active overweight duration position versus Benchmark also aided excess returns as yields rallied, and at the time of writing the market has priced in an RBA cash rate falling to 3.4% over the next 12 months and we have elected to reduce our active duration position to +0.3 years as easing now appears fairly priced. In credit selection our exposures to Universities and Australian REITs provided significant outperformance through income as well as capital gains from spreads.

As we look ahead, the outlook for income generation remains solid and select deals on offer in Australian IG 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 cheap credit hedging via CDS which can provide robust returns through a range of market volatility scenarios.

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:

- [Affordable Housing – How investors can help to solve it](#)
- [Sustainable buildings – Beyond solar panels and water tanks](#)
- [Promoting decarbonization, the Aussie way](#)
- [Diversity and inclusion. Beyond gender](#)

## Market Review

Global policy shifts led to market volatility, impacting business activity and risk sentiment. This resulted in a cautious stance from the US Federal Reserve and lower bond yields. The Reserve Bank of Australia (RBA) commenced their easing cycle, lowering the cash rate 25 basis points (bps) to 4.10%.

Global corporate earnings and US tariff concerns affected equity and credit markets, with a focus on valuations. Domestically the rate cut was well-received and catalysed a sharp increase in primary market activity in both corporate and securitised credit. Global fixed rate credit performed well mainly due to US yields falling while offshore spreads like US IG widening 8 bps, Australian IG credit meaningfully outperformed into heavy primary supply rallying 3 bps. The Australian iTraxx Index ended 2bps tighter at 68bps, while the Australian fixed and floating credit indices returned +0.79% and +0.47% respectively.

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**Markets are likely to continue to be buffeted by global squalls amid policy uncertainty and crosscurrents. The domestic market, having seen the RBA commence easing, is likely beholden to the inflation outlook**

US high yield and loan markets underperformed risk free rates with spreads rising by almost 30bps offsetting income generation. Locally, new deals in bank and insurance Tier 2 and corporate subordinated debt were significantly oversubscribed allowing spreads to continue rallying, investors benefitting from high income and resilient credit spread conditions.

## Market Outlook

Markets are likely to continue to be buffeted by global squalls amid policy uncertainty and crosscurrents. The domestic market, having seen the RBA commence easing, is likely beholden to the inflation outlook. We see the economy's interest sensitive sectors starting to stabilise, and the absolute growth profile beholden to the fiscal outlook ahead of the Federal election.

Our base case is for the RBA to proceed with a modest easing cycle, of around 100bps in total to 3.35%, spread across 2025. We have assigned a 25% probability of the high case, in which fiscal policy is more expansionary and the RBA only ease twice for a total of 50bps. The low case is for more easing over the whole cycle. The market is pricing for a low in the cash rate of 3.44%. 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 recognition of the highly complex investment environment, our credit strategy remains skewed towards high-quality, investment grade issuers with resilient business models, solid earnings power and conservative balance sheets. Conversely, we are avoiding lower credit quality, high leverage and cyclical sectors. While we acknowledge that credit spreads in general are compressed, all-in yields particularly in Australian Investment Grade credit remain attractive and continue to attract investor demand. We continue to selectively take advantage of solid yields in highly-rated corporate bonds and structured credit where risk adjusted returns still make sense.

Investor's compensation for risk remains compressed lower down the capital spectrum in equity and sub investment grade. Growing frictions are also 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 European Loan spreads remains attractive and we maintain a more neutral position. We favour holding 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-Mar25>

## ESG Commentary

2025 kicked off with strong issuance in the Australian sustainable bond market. A range of supranationals/Government entities have been active in the last two months, issuing large benchmark sized deals. While green bonds usually dominate new deals, 2025 has been littered with social and sustainability bonds. These make up the majority of labelled bonds issued in Australia this year, significantly dwarfing new green bonds.

While diversity, equity and inclusion (DEI) initiatives are being debated across companies in light of the Trump administration's view, we discuss the current landscape and investment options in this space here. <https://www.janushenderson.com/en-au/adviser/article/diversity-and-inclusion-beyond-gender/>

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As at December Quarter 2024

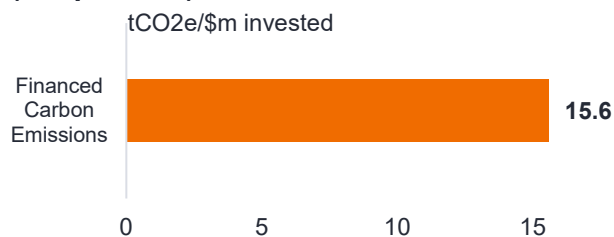
### Labelled bonds# structure breakdown

	Fund
Sustainability-linked	6%
Sustainability	11%
Social	9%
Green	43%

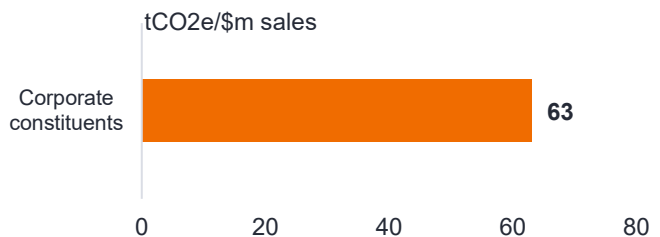
# Labelled bonds include use of proceeds bonds such as green, social and sustainability bonds which fund projects with specific and dedicated environmental and/or social benefits and sustainability-linked bonds that do not finance particular projects but rather have their coupons linked to the issuers 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%
	Circular economy	% of companies with programs for recycling, re-using and composting	92%	55%
	Sustainable buildings	% of companies who have obtained green building certificates	50%	55%
	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%
		% of companies with a minimum of 35% of women on the board*	61%	100%
	Affordable housing	Number of dwellings developed to provide more affordable housing projects*	4,900	
		Number of Australians who were assisted in the purchasing or building of a home*	61,000	
	Disability support & services	Of those assisted in the purchasing of new homes, % of households with a disability supported*	30%	
	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.

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## Important information

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