

# SUSTAINABLE CREDIT ACTIVE ETF

Janus Henderson  
INVESTORS

## As at March 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

\$75.1 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

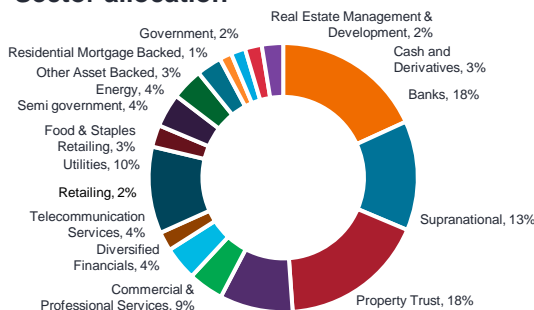
### ASX code

GOOD

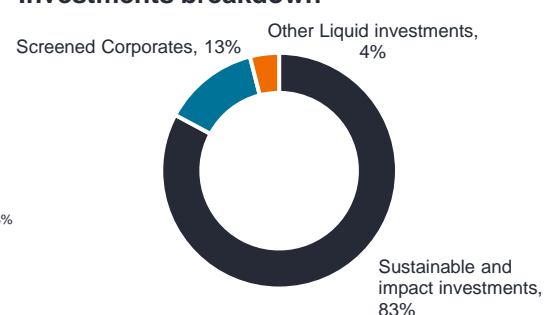
Performance	1 Month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (gross)	0.49	1.93	2.67	6.00	-	-	-	5.51
Fund (net)	0.45	1.81	2.41	5.47	-	-	-	4.98
Benchmark	0.44	1.36	1.90	4.35	-	-	-	3.71
Excess return*	0.05	0.57	0.77	1.65	-	-	-	1.80

\*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.

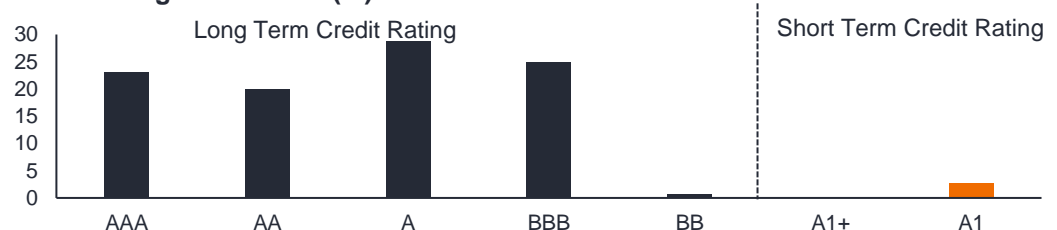
## Sector allocation



## Investments breakdown



## Credit rating distribution (%)



## Portfolio Characteristics

	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM) <sup>1</sup>	4.79	3.99
Running yield	4.64	3.19
Weighted average credit quality	AA-	AA+
Number of securities (on a look through basis)	96	549
Modified duration	2.69	2.30
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
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
Vicinity Centres Trust 4.927% 02/06/2028 AUD REGS
Mercury NZ Ltd 5.247% 21Mar31 AUD

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

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(continued)

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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 0.45% (net) and 0.49% (gross). The Fund performed in line the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) in March, which returned 0.44% over the month.

Over the quarter returns remained solid with the Portfolio delivering 1.81% net versus cash at 1.07%. Credit income, interest rate duration and active security positioning benefited returns during the material market movements through the quarter amidst a noisy period in global politics/policy and heady valuations. During March global credit begun underperforming, particularly USD spreads picked up widening momentum, normalising from very rich levels since mid-February. Australian spreads have outperformed versus offshore credit markets, favouring one of our key active relative value positioning calls. Australian IG credit excess returns materially outperformed US markets in which spreads softened. As we enter April the poor performance across lower rated credit and equities has accelerated and begun to permeate global IG spreads.

A duration position of 2.8 years across the quarter, combined with higher quality credit positioning and credit protection positions via CDS has successfully protected capital in March and April as shorter maturity AUD bond yields have rallied, and CDS spreads have reacted swiftly. Key credit allocation decision to have mitigated exposure to expensive areas such as sub investment grade, USD credit markets, favouring higher rated lower-vol AAA through A rated Australian IG securities, and avoiding expensive ASX hybrids has also served to protect capital from risk repricing.

Looking ahead, to capitalise on our relatively conservative credit risk position, we look to unwind our defensive levers and take profit on CDS and some duration. As credit market pricing shifts from a normalisation of spreads to more attractive entry points for longer tenor credit and sub investment grade exposure, we will seek to capitalise on market appetite for liquidity and harvest attractive excess return opportunities that arise in more challenging market conditions. As of 7 April the market has priced in a fall in the cash rate to 2.7% over the next 12 months, this has subsequently seen us reduce active overweight duration toward neutral. Market cash rate pricing is now more closely aligned with our fair value.

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

Markets fluctuated due to changing global trade policies, deteriorating geopolitical relations, and a shift from economic to political focuses. Reactions to Trump's evolving policies is causing volatility in equities and bonds.

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(continued)

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**Markets are likely to continue to be buffeted by global squalls amid policy uncertainty and crosscurrents.**

Credit markets wobbled with loans and junk bond markets experiencing significant spread widening, meanwhile higher grade credit like Australian IG showed more resilience, spreads widening by a modest 3bps above government bonds. Over the quarter Australian IG spreads ended lower at 104bps versus 107bps at the start of the March quarter. Australian IG credit outperformed offshore markets and credit derivatives. Credit derivatives like the Australian iTraxx CDS ended 18 bps wider at 88bps, while Australian fixed and floating credit indices returned +0.28% and +0.32% respectively.

High yield and loan markets underperformed with spreads swiftly rising. The US in particular underperformed Europe with US HY experiencing -1.6% credit excess return. Locally, defensive credit held in well, however Tier 2 spreads began retracing some of their recent outperformance. The market returned 0.0% with widening spreads offsetting income return. ASX hybrids ignored global factors and outperformed with the confirmation of ANZPH being called and repaid during March.

## 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, but also cognizant of the global ructions' potential to alter the growth outlook.

Our RBA base case remains a 100bps easing in total, to cash rate of 3.35% by end 2025. We have increased the low case to a total easing of 250bps over the next year, to a low of 1.85%, and assign a 25% chance of this case playing out. Markets are pricing a low in the RBA case rate of 3.28% through mid- 2026, and is not far off our central case. We have a modest overweight duration position and will continue to look to adjust as volatility brings opportunity for market mispricing. We continue to favour the shorter part of the yield curve, as the long end is caught up with global factors.

In recognition of the highly complex investment environment, our credit allocations favour high-quality, investment grade issuers operating in defensive sectors, with solid earnings power and conservative balance sheets. We are avoiding lower credit quality and leveraged corporate and consumer sectors where stress may increase. Although global credit spreads have moved off their lows they remain compressed relative to history. Through a lens of reward for risk, yields in lower risk Australian Investment Grade credit remain attractive versus other asset riskier and illiquid asset classes. We look to opportunities in highly-rated corporate bonds and structured credit in both primary and secondary markets. Simultaneously, we have actively rotated and taken profit in areas that had rallied, replenishing capacity to redeploy. Our choice to hold materially sized credit protection into 2025 is helping to improve portfolio return outcomes. Combined, these settings are expected to contribute strongly to portfolio resilience as markets face into what is expected to be an extended period of structurally higher volatility.

Investor's compensation for risk and illiquidity remains compressed lower down the capital spectrum in equity, sub investment grade, and lower mezzanine securitised notes. Growing frictions are also evident across pockets of private credit. Our preference is to earn decent income up-in-quality and leaving risk capacity and liquidity to take advantage of more sensible entry points for global high yield, loans, structured credit and emerging market debt which we anticipate should arise in the current environment. European Loan spreads have remained resilient thus far and we maintain a neutral position. Our long positioning in credit protection is working, as risk markets react to negative surprises, we look for opportunities to take profit as sentiment deteriorates.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit <https://go.janushenderson.com/Viewpoint-Apr25>

## ESG Commentary

The labelled bond market was relatively active in March, dominated by some green tranches issued by utilities company ETSA. Proceeds will be allocated to the financing or refinancing of SA Power Networks' distribution assets which meet the Climate Bonds Initiative's (CBI) Climate Bonds Standard v4.1, Electrical Grids and Storage criteria (Eligibility Criteria) and in accordance with SA Power Networks Sustainable Financing Framework dated April 2024.

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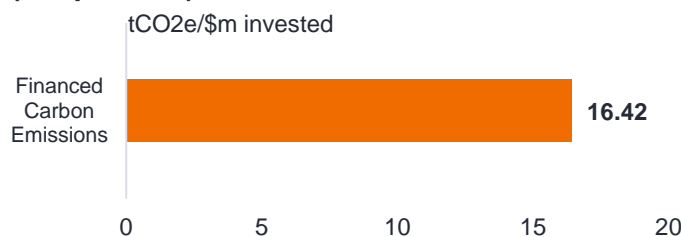
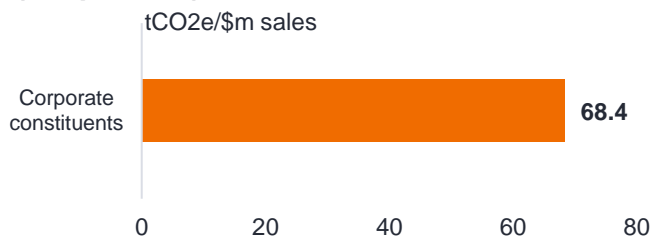
As at March Quarter 2025

**Labelled bonds# structure breakdown**

	Fund
Sustainability-linked	6%
Sustainability	9%
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	81%	100%
PEOPLE	Inclusion & social diversity	% of companies with a minimum of 35% of women in senior positions*	81%	100%
		% of companies with a minimum of 35% of women on the board*	60%	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

The information in this monthly report was prepared by Janus Henderson Investors (Australia) Funds Management Limited ABN 43 164 177 244, AFSL 444268 (Janus Henderson) and should not be considered a recommendation to purchase, sell or hold any particular security. The Product Disclosure Statement and Target Market Determination for the Fund is available at [www.janushenderson.com/australia](http://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%. 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. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. An investment in the Fund is subject to risk, including possible delays in repayment and loss of capital invested. None of Janus Henderson 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 before making a decision about the Fund. Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated. Janus Henderson is a trademark of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.

## Further information

[www.janushenderson.com/australia](http://www.janushenderson.com/australia)