

SUSTAINABLE CREDIT ACTIVE ETF

Janus Henderson
INVESTORS

As at April 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

\$1.8 million

Underlying Fund size

\$76.4 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

AU0000254278

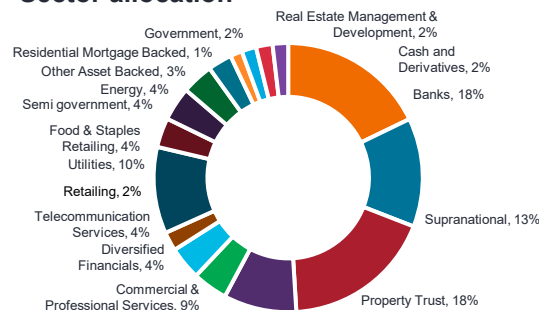
ASX code

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)	1.17	2.46	4.69	8.21	-	-	-	5.86
Fund (net)	1.13	2.33	4.43	7.67	-	-	-	5.34
Benchmark	1.15	2.12	3.78	6.29	-	-	-	4.12
Excess return*	0.02	0.34	0.91	1.92	-	-	-	1.74

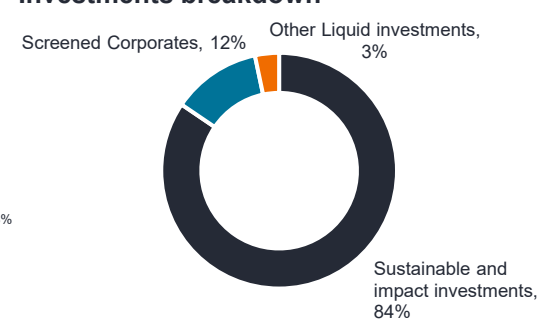
*In line with the fund objective, the excess return is measured against gross performance. Gross return is gross of management costs and sell spread. Past performance is not a reliable indication of future results.

Sector allocation

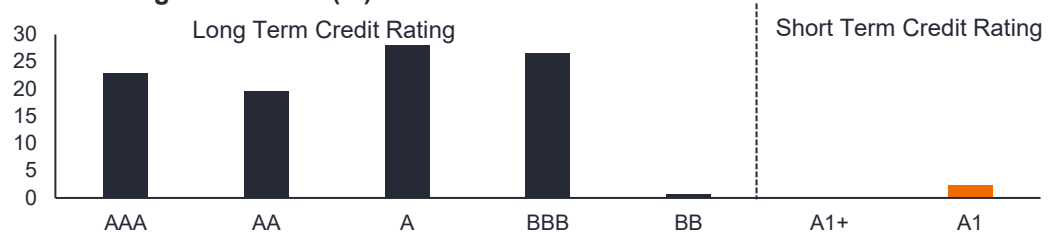


Rounding accounts for small +/- from 100%.

Investments breakdown



Credit rating distribution (%)



Portfolio Characteristics

	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM) ¹	4.61	3.66
Running yield	4.48	3.16
Weighted average credit quality	A+	AA+
Number of securities (on a look through basis)	97	549
Modified duration	2.41	2.38
Active duration position	0.03	

¹Estimated 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
Commonwealth Bank Of Australia Subordinated FRN BASEL III T2
WOOLWORTHS GROUP LTD 2.75% 15/11/2031 AUD
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

[^] For more information and most up to date buy/sell spread information visit 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 1.13% (net) and 1.17% (gross). The Fund performed in line the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) in April, which returned 1.15% over the month.

Market conditions April proved to be the largest test for the Fund since inception with Australian and US IG credit markets both underperforming government bonds by -0.6% respectively, the worst credit excess returns since 2022. Active positioning and management provided very strong outcomes for investors. The Fund delivered modest outperformance with a net return of 1.1%, which sustains the 1.7% p.a. gross excess return above Benchmark delivered over the past 2 years.

Defensive pillars within our active positioning combined to protect investors, positioning active overweight duration with a position of 2.6 years focussed in the shorter part of the yield curve, and added value as bond yields rallied the most in the short end. Selective active positioning in higher quality and defensive credit subsectors provided greater resilience, and portfolio insurance via credit protection positions in US CDS successfully protected capital in March and April as CDS spreads sold off swiftly. Key credit allocation decision to have mitigated exposure to expensive areas such as sub investment grade, USD credit markets, and avoiding expensive hybrids has also served to protect capital from risk repricing.

The volatile environment allowed us to unwind some of defensive levers, taking profit and neutralising overweight duration and yield curve steepening bias, as well as trimming some CDS protection. As credit market pricing shifts from a normalisation of spreads to more attractive entry points for credit, we will seek to capitalise on market appetite for liquidity and harvest attractive excess return opportunities that arise in more challenging market conditions.

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

US "Liberation Day" and tariff turmoil dominated the market through April with major developed market bond yields, including the US, UK, Australia and Japan, ending lower.

More aggressive than anticipated US tariff announcements triggered recession fears. Volatility ensued with a swift correction in equities, and 100bps rise in US high yield spreads. The Australian iTraxx Index ended reached a high of 120bps before only finishing 4bps wider at 92bps, while the Australian fixed and floating credit indices returned +1.09% and +0.22% respectively as local IG spreads rose between 8 -15bps.

Higher yielding credit saw negative returns for the month as income was more than wiped out by spreads widening. EM spreads came under pressure, as well as global loans with uncertain trade and growth dynamics across individual countries and industries. Domestic Tier 2 held up reasonably well but not enough to finish in positive return territory, while ASX listed Australian hybrids saw some widening pressure resulting in a negative return for the month.

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The changing global and domestic landscape, to a lower growth outlook with more manageable inflation, has led to the market pricing in a further 125bps of easing by the RBA

Market Outlook

The changing global and domestic landscape, to a lower growth outlook with more manageable inflation, has led to the market pricing in a further 125bps of easing by the RBA.

Our updated base case is for the RBA to proceed with a, still modest, easing cycle of around 150bps in total to 2.85%. Our low case now reflects a weaker economic outcome and the RBA easing by a total of 250bps, recognising the rising downside risks. We allocate a 25% weight to the low case. Through the sharp drop in yields, we have moved duration to neutral, seeing better opportunities elsewhere. We remain vigilant through the volatility to take advantage of mispricing, and continue to favour the shorter part of the yield curve, as the long end is caught up with global factors.

In recognition of the increasingly complex investment environment, our credit strategy remains skewed towards high-quality, investment grade issuers operating in defensive sectors, with resilient business models, solid earnings power and conservative balance sheets. Conversely, we are avoiding economically sensitive, lower credit quality and leveraged corporate and consumer sectors where default stress is increasing. Credit spreads and all-in yields particularly in low/no default-risk Australian investment grade credit remain reasonably attractive versus global credit markets. We continue to opportunistically access attractive risk-adjusted returns in select recession proof highly-rated corporates in both primary and secondary markets. Simultaneously, we continue to actively navigate market spread volatility which offered opportunities to take profit on portfolio insurance such as CDS protection and increase overall excess spread. Combined, these defensive attributes have contributed strongly to portfolio resilience as markets face into what is expected to be an extended period of structurally higher volatility.

The corrections in valuations lower down the capital spectrum in sub investment grade, and lower mezzanine securitised notes have improved investor compensation, however, into a potentially weaker global growth outlook. We have approached levels where we begin to utilise our withheld risk capacity and liquidity to take advantage of more sensible entry points for global high yield, loans, structured credit which we anticipated should arise. European Loan spreads have remained resilient thus far and we maintain a neutral position. Our long positioning in credit protection worked across March and April as risk markets reacted to negative surprises, we took profit on all HY protection and the bulk of our IG protection as spreads peaked in early April. We remain open to reestablishing protection positions if spreads fall too far on the optimism of trade negotiations.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit <https://go.janushenderson.com/Viewpoint-May25>

ESG Commentary

Evidence suggests that the wind back of ESG policies in the US is having an impact on their funding markets for labelled bonds, with a shift away from green bonds in favour of sustainable bonds. Given the market is much smaller in Australia, it is difficult to validate this trend here, although we note there was only one green bond issued in the domestic market in April which was a \$1.75 billion deal by the Canada Pension Plan Investment Board. The South Australian government were the only other participant in the labelled market over the month, issuing a \$1 billion sustainability bond. However, it should be noted that South Australian Government Financing Authority (SAFA) issue all of their funding requirements under the sustainability framework.

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As at March Quarter 2025

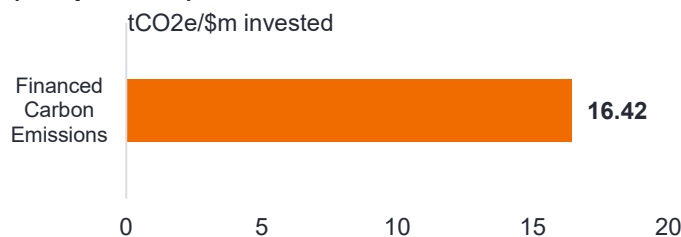
Labelled bonds# structure breakdown

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

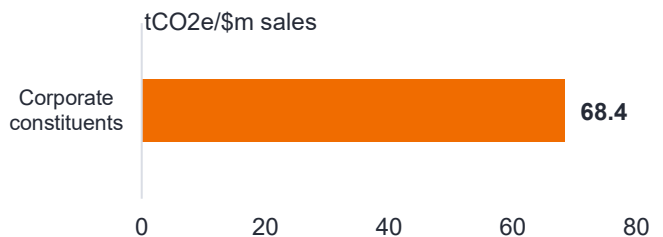
Labelled bonds include use of proceeds bonds such as green, social and sustainability bonds which fund projects with specific and dedicated environmental and/or social benefits and sustainability-linked bonds that do not finance particular projects but rather have their coupons linked to the issuers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