

# SUSTAINABLE CREDIT ACTIVE ETF

Janus Henderson  
INVESTORS

## As at May 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

\$78.2 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

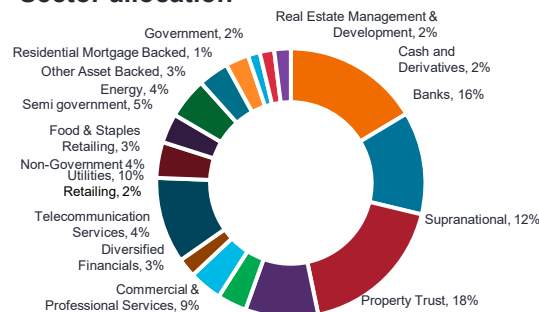
### ASX code

GOOD

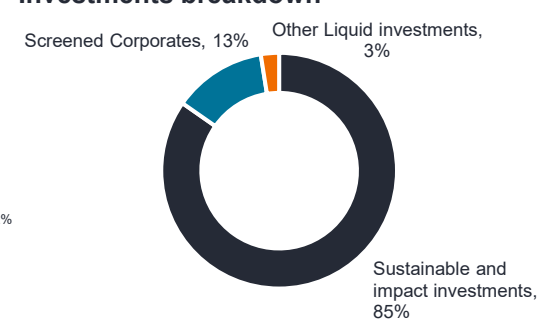
Performance	1 Month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (gross)	0.76	2.44	4.62	8.42	-	-	-	6.00
Fund (net)	0.72	2.31	4.36	7.88	-	-	-	5.47
Benchmark	0.33	1.93	3.49	6.21	-	-	-	4.12
Excess return*	0.43	0.51	1.13	2.21	-	-	-	1.88

\*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.

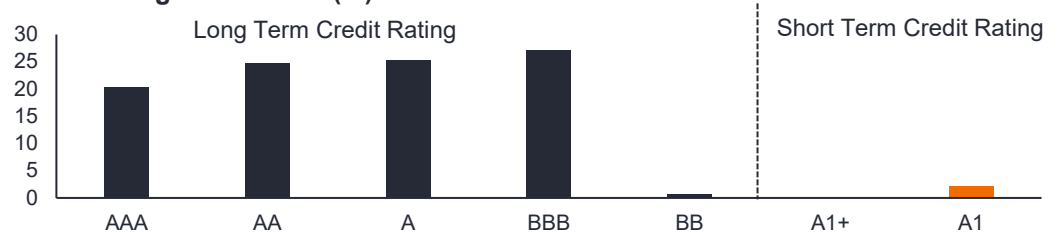
### Sector allocation



### Investments breakdown



### Credit rating distribution (%)



### Portfolio Characteristics

	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM) <sup>1</sup>	4.56	3.63
Running yield	4.36	3.16
Weighted average credit quality	AA-	AA+
Number of securities (on a look through basis)	100	542
Modified duration	2.44	2.33
Active duration position	0.11	

<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
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

<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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(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 0.72% (net) and 0.76% (gross). The Fund outperformed the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) in May, which returned 0.33% over the month.

Return tailwinds were strong during May in an environment that favoured credit spreads, and were less favourable to longer duration bonds with yield curves steepening. Our recent active repositioning in April included reducing active interest rate duration, unwinding credit protection positions, as well as adding longer tenor physical IG credit at attractive spreads allowed for the benefit of higher credit spreads and capital gains to come through into Fund returns as sentiment improved. Asset class performance combined with active risk rotation through multiple levers and security selection has lifted returns over the past year to 8.4% gross of fees, and excess returns of 2.0% p.a. over the past two years versus a longer term objective of 0.75%.

The primary market maintained an extremely active issuance pace globally into the relatively calm environment which offered opportunities to further rotate into relative value and diversify the portfolio. We added four new securities to the portfolio across senior corporate bonds from MetLife, Contact Energy (Green Bond tied to renewable energy generation), and Goodman Industrial Partnership, and bank Tier 2 from Heritage and Peoples Choice. As offshore equity and credit valuations continued to grind tighter late in the month, we elected to reinstate some of our credit protection positions via US IG CDS. In combination we have increased spread advantage in the Fund through purchases of physical credit providing spreads of 1.1 - 2.5%, whilst cheaply hedging in CDS at a spread of 0.5% to provide buffers against potential ongoing market volatility. Duration positioning has been maintained neutral versus the Benchmark as a reasonable RBA easing cycle appears fully priced, however some capacity to rally remains should global and local growth outcomes be negatively impacted by the geopolitically uncertain operating environments for companies.

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

The global outlook remains highly uncertain, as trade policy and geopolitics developments continue to follow an uneven path. Market volatility stems from tariff reliefs and new sectoral tariffs on items like electric vehicles and steel. Economic growth is mild, inflation steady, with central banks modestly easing.

Risk markets rallied, recovering to pre-Liberation Day levels, the returning investor demand returning was met with an increased pace of credit issuance. The Australian iTraxx index ended 16bps tighter at 76bps, while the Australian fixed and floating credit indices returned +0.58% and +0.64% respectively as credit outperformed.

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**We maintain our constructive view that high quality Australian credit will remain resilient through a range of macro-economic environments**

With US Tariff concerns abating, US leveraged credit markets outperformed with US high yield and both US and European Loans markets lifting to deliver over 1.5% for the month. Domestic Tier 2 performed well delivering 0.9%, while ASX listed Australian hybrids underperformed cash and IG credit with a modest 0.1% for the month. ASX listed hybrids have significantly underperformed other credit markets and cash since the end of March, delivering a slightly negative return even after including the benefit of franking credits.

## Market Outlook

Markets continue to price a further 90bps of easing by the RBA, watching for two-sided risks in the current unclear environment.

Our base case for the RBA to ease 150bps in total to 2.85%. Our low case reflects a weaker economic outcome and the RBA easing by a total of 250bps. We allocate a more modest weight to the low case, as global uncertainties moderated in the month. Duration remains neutral, as we see better market opportunities elsewhere. We remain vigilant through the volatility to take advantage of mispricing and continue to favour the shorter part of the yield curve.

Our decision to hold significant levels of credit protection coming into 2025 allowed us to be especially nimble during market dislocations in April and into May. We selectively invested at scale into highly attractive risk-adjusted return opportunities afforded by highly-rated corporate bonds in both primary and secondary markets. Along the way, we have opportunistically taken advantage of market rallies to realise profit and identify rotation opportunities to increase overall portfolio credit quality. Looking ahead, and 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 remains elevated. Credit spreads and all-in yields particularly in low/no default-risk Australian Investment Grade credit remain reasonably attractive versus global credit. We maintain our constructive view that high quality Australian credit will remain resilient through a range of macro-economic environments, and are well-invested across client portfolios. Notwithstanding, we have prudently elected to continue to hold onto material levels of credit protection, while also maintaining dry powder to take advantage of likely periods of elevated volatility in the future.

Improved spread compensation that was replenished in April has dissipated again through the recent swift recovery, however global growth uncertainty remains. Our decisions to unwind European HY CDS protection and add global some GHY in April have paid off and we consider re-entering HY CDS protection positions to replenish risk capacity once again to take advantage of further entry points for credit which we anticipate should arise in the current environment. We remain open to reestablishing protection positions if spreads fall too far on the optimism of trade negotiations, and we retain ample capacity to allocate to higher beta credit should opportunities arise.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit <https://go.janushenderson.com/Viewpoint-Jun25>

## ESG Commentary

A pickup in Green Bond issuance occurred during the month as the Victorian State Government, Korea Development Bank and Contact Energy issued Green Bonds. The lesser known Plenti Group also issued in the securitised sector offering up a Green Asset Backed pool.

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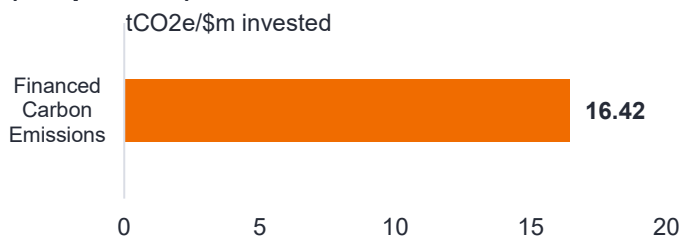
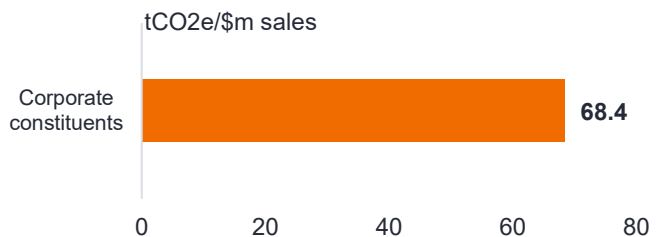
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**As at March Quarter 2025****Labelled bonds# structure breakdown**

	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

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