Janus Henderson

SUSTAINABLE CREDIT ACTIVE ETF (MANAGED FUND)

Janus Henderson INVESTORS

As at January 2024

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
$0.5 million

Underlying Fund size
$58.9 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

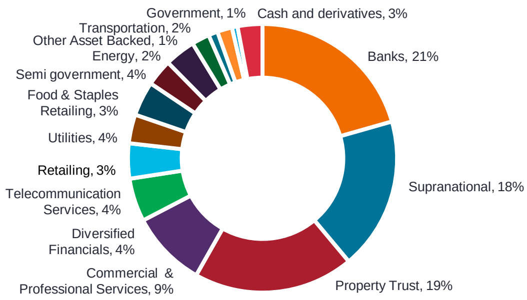
ISIN
AU000254278

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 (%)
Fund (gross)	0.51	4.27	4.06	-	-	-	-	4.25
Fund (net)	0.47	4.14	3.80	-	-	-	-	3.79
Benchmark	0.39	3.13	2.94	-	-	-	-	2.62
Excess return*	0.12	1.14	1.12	-	-	-	-	1.63

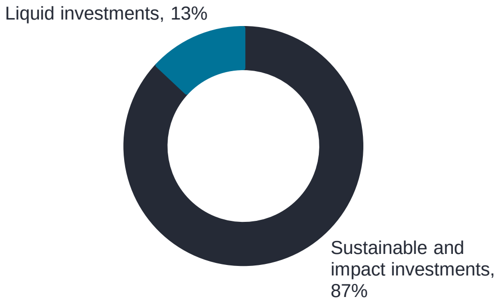
*In line with the fund objective, the excess return is measured against gross performance. Gross return is gross of management costs and sell spread. Past performance is not a reliable indication of future results.

Sector allocation

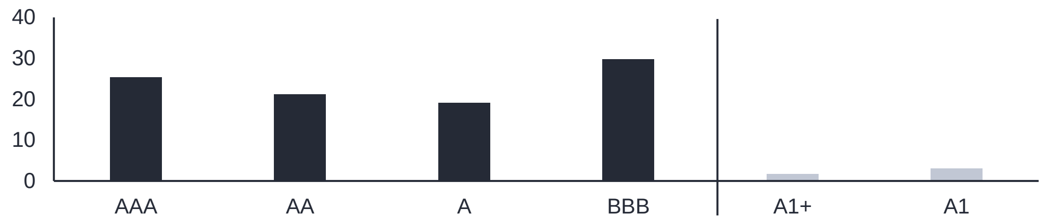


Rounding accounts for small +/- from 100%.

Investments breakdown



Credit rating distribution (%)



Portfolio Characteristics	Fund	Benchmark
Estimated Weighted Average Yield to Maturity (EWAYTM)1	4.96	4.03
Running yield	4.33	2.99
Weighted average credit quality	AA-	AA+
Number of securities (on a look through basis)	71	516
Modified duration	2.67	2.32
Active duration position	0.35	

[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

African Development Bank 1.1% 16/12/2026 AUD
ANZ Bank Subordinated FRN BASEL III T2
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
La Trobe University 5.311% 08/08/30 AUD
NBN CO LTD 4.2% 14/04/2027 AUD REGS
Transpower New Zealand Ltd 4.977% 29/11/2028 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.janushenderson.com/en-au/investor/buy-sell-spreads.

Head of Australian Fixed Interest
Jay Sivapalan

Portfolio Manager
Shan Kwee

Fund Performance

The Janus Henderson Sustainable Credit Active ETF (Managed Fund) (Fund) returned 0.47% (net) and 0.51% (gross). The Fund outperformed the Bloomberg AusBond Composite 0-5Yr Index (Benchmark) by 0.12% (gross) in January, which returned 0.39% over the month.

The strong month-end rally following the inflation data read, together with higher coupon income lifted bond returns back into positive territory in January. Returns from duration itself were benign with the government curve not moving much during January (despite intra-month moves). There was some marginal twisting, where the shorter end fell, and the longer end steepened.

Credit spreads remained firmly unchanged over the month despite heavy supply in markets. Credit returns were solid, generating excess return from income advantage.

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 and active stewardship (where appropriate). 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 credit and agency securities, with at least 80% exposure to securities deemed 'Sustainable' and/or 'Impact' in our assessment. The Fund has over 75% allocated to investment grade credit, with the remainder across supranationals & agencies, semi governments and liquidity. Interest rate duration was the main negative return contributor for the month as bond yields moved higher, a modest active overweight positioning generated some underperformance versus benchmark.

It was a mixed month for local bond returns as the government curve on average saw yields rise only modestly despite a 30 basis point intra-month trading range. The main curve effect was steepening, where shorter maturity yields fell slightly on weaker domestic macro prints (employment, retail sales and CPI all missed to the downside), while longer maturity bond yields rose which offset income returns. The Fund actively navigated duration positioning with a bias to the two- to five-year maturity range was a positive contributor to excess return as the front end finished lower in yield.

Total returns as well as excess returns over the last quarter continued to be strong for investors with net returns above 4% over 3 months, and excess return since inception above the medium term Fund objective. Returns have benefitted from active duration positioning, income advantage across Supranational and credit allocations, as well as positive contributions from active security selection. Sustainable issuance had a strong start to the year from state governments and supranationals, we will look forward to corporate earnings season and potential issuance heading into March to further enhance yield in the portfolio.

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

- Five sustainable investing myths busted
- Can the bond market help solve the housing affordability crisis?
- Green Bonds: an investment in the planet's future?
- Investing in a fairer future: Social bonds in focus
- Promoting decarbonisation, the Aussie way

The RBA will be buoyed by the lower-than-expected headline CPI print, while the weakening in the household consumer sector will lower forward inflation expectations.

Market Review

The Reserve Bank of Australia (RBA) did not meet in January, and markets spent the month debating the merits of the starting point of the easing cycles.

Global moves drove much of the Australian momentum, with US Federal Reserve (Fed) easing expectations being delayed. Australian three-year government bond yields ended the month 4 basis points (bps) lower at 3.57%, while 10-year government bond yields were 6bps higher at 4.01%.

Markets are still looking to the start of the easing cycle, but there has been a little less optimism globally about when it starts and by how much. The catalyst has been in the US, with some higher-than-expected inflation outcomes, amid a lower trend.

Risk markets consolidated gains from prior months with the ASX 200 reaching a new all-time high to end January. This positive sentiment resonated amongst credit markets where credit spreads were able to tighten further amidst the highest ever January supply of US investment grade corporate debt totalling close to US$200 billion. Australian primary markets also started with a bang with banks, state governments and supranational/agency issuers all printing large bond deals. This wave of supply was readily absorbed by investors less fearful of rising bond yields.

The Australian iTraxx Index ended unchanged at 68bps while the Australian fixed and floating credit indices returned +0.44% and +0.41% respectively, modestly outperforming cash and government bonds.

Market Outlook

The RBA will be buoyed by the lower-than-expected headline CPI print, while the weakening in the household consumer sector will lower forward inflation expectations. There are increasing signs of future labour market softness, while the December outcome itself was weak. We are forecasting a steady rise in the unemployment rate through 2024, which leads to more modest wages growth.

Our base case is for the RBA to remain on hold at current rates before commencing an easing cycle in September 2024. We price a more modest than average easing cycle, of around 175bps, spread over 12 months. We see the risks skewed to the downside, with a rising probability that the RBA may have to move earlier and slightly faster than our base case. In this scenario, the RBA starts moving in August 2024, with a total of 250bps of cuts, to below neutral interest rates. The Fed is anticipated to start easing in May, while the ECB starts easing in April.

In recognition of the softening growth environment, our credit strategy remains skewed towards high-quality, investment grade issuers with resilient business models, solid earnings power and conservative balance sheets. We have been actively and selectively taking advantage of the attractive yields on offer in highly rated corporate bonds and structured credit, particularly in the primary markets where transactions have come with new issue concessions.

We remain unimpressed by relatively tight spreads on offer in the bank hybrid market and remain in favour of allocations in investment grade corporates and higher up in the bank capital structure in Tier 2 and senior new issuance. We have replenished capacity to participate in new deals to start 2024 which offer better value versus secondary markets. We look to opportunities within securities producing higher yields as the broader market more rationally reprices risk, with conservatively geared Australian real estate investment trust (REIT) senior debt showing attractive relative value. We expect soon after the upcoming Australian reporting season the next rounds of corporate bond issuance will eventuate after taking a summer break.

SUSTAINABLE CREDIT ACTIVE ETF (MANAGED FUND)

(continued)

Janus Henderson INVESTORS

It was an extremely busy month of issuance in Sustainable and Green bonds.

We are electing to be under allocated to sub investment grade and illiquid credit, with a strong preference to earn reasonable income and capital gains up in quality for now. Our expectation remains for lower quality credit spreads to remain bumpy as investors digest weakening corporate fundamentals as the higher cost of capital and slowing growth environment takes time to wash through earnings. We are withholding risk and liquidity capacity in anticipation of more attractive entry points for global high yield and loans. In recent months we have bolstered our levels of credit protection (via credit default swaps) as we approach the point in the cycle where effects of policy tightening are becoming more apparent.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit https://go.janushenderson.com/Viewpoint-Feb24.

For further insights on our views for 2024 where cyclical factors will likely dominate structural pressures please visit: https://go.janushenderson.com/AFI-2024-Outlook.

ESG Commentary

It was an extremely busy month of issuance in Sustainable and Green bonds. State governments and supranationals issued in sizable volume, with QTC and IBRD issuing deals at $2 billion and above. Other notable transactions included NSW Treasury Corp and KFW at $1.7 billion and $1.5 billion respectively.

For insights on the Australian fixed income team's company engagement, please view our recently published ESG quarterly here.

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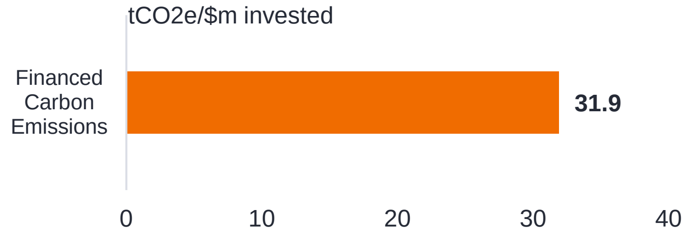
(continued)

As at December Quarter 2023

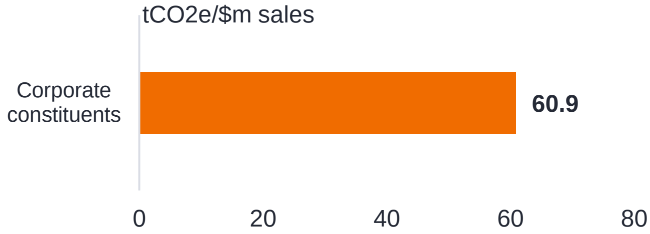
Labelled bonds# structure breakdown	**Fund**
Sustainability-linked	8%
Sustainability	11%
Social	10%
Green	40%

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) – Coverage 23.9%



Weighted Average Carbon Intensity (Scope 1 & 2) – Coverage 53.5%



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

	Theme	Measure	Fund	Coverage
PLANET	Decarbonisation	% of issuers with a net zero target by 2050	97%	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	67%	55%
PEOPLE	Inclusion & social diversity	% of companies with a minimum of 35% of women in senior positions*	83%	100%
PEOPLE	Inclusion & social diversity	% of companies with a minimum of 35% of women on the board*	86%	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
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.

Important information

A Product Disclosure Statement, dated 29 September 2023, and Additional Information Guide, dated 29 September 2023 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%. The information in this monthly report was prepared by Janus Henderson Investors (Australia) Funds Management Limited ABN 43 164 177 244, AFS Licence 444268 (Janus Henderson) in respect of the Janus Henderson Sustainable Credit Active ETF (Managed Fund) (**Fund**) and should not be considered a recommendation to purchase, sell or hold any particular security. 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. You should obtain a copy of the Product Disclaimer Document (PDS) and read it before making a decision about whether to invest in the Fund.

No person guarantees the performance of, rate of return from, nor the repayment of capital in relation to the Fund. An investment in the Fund is not a deposit with, nor another liability of, Janus Henderson Investors (Australia) Funds Management Limited nor any of the Janus Henderson group entities nor any of their related bodies corporate, associates, affiliates, officers, employees or agents. An investment in the Fund is subject to risk, including possible delays in repayment and loss of income and capital invested. Prospective investors should refer to the risk sections in the PDS for full disclosure of all risks associated with an investment.

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Further information
www.janushenderson.com/australia