Janus Henderson

AUSTRALIAN FIXED INTEREST FUND – INSTITUTIONAL

Janus Henderson INVESTORS

As at May 2025

Fund objective
The Fund seeks to achieve a total return after fees that exceeds the total return of the Benchmark, over rolling three-year periods.

Investment approach
The Manager's investment approach is fundamentally driven and seeks to take advantage of situations where market pricing has become misaligned with economic and investment fundamentals. The Manager applies a range of strategies that include duration and yield curve management, sector allocation and individual security selection.

Benchmark
Bloomberg AusBond Composite 0+ Yr Index

Risk profile
Medium

Suggested timeframe
3 years

Inception date^
31 August 2002

Fund size
$4.2 billion

Minimum investment
$100,000

Management cost (%)
0.35 p.a.

Buy/sell spread (%)
0.00/0.08^^

Distribution frequency (if any)
Quarterly

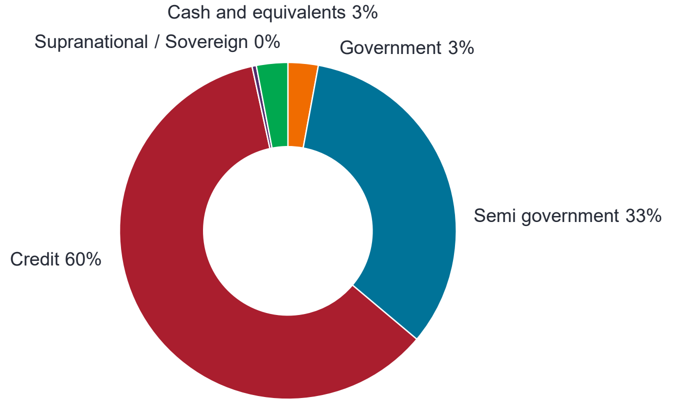
ARSN code
100 098 413

APIR code
IOF0113AU

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)	0.57	2.34	4.44	8.40	4.35	0.77	2.80	5.23
Fund (net)	0.53	2.24	4.25	8.02	3.98	0.43	2.43	4.86
Benchmark	0.16	2.04	3.71	6.84	3.11	-0.19	2.13	4.48
Excess return*	0.37	0.20	0.54	1.18	0.87	0.62	0.30	0.38

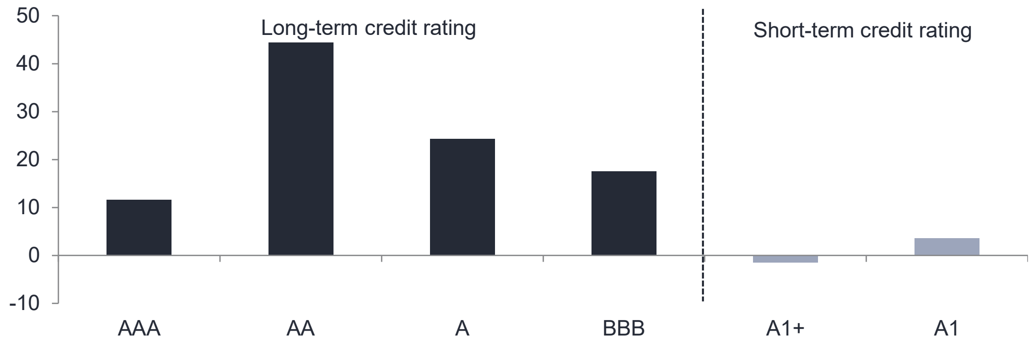
*Excess return is measured against net performance.
Gross return is gross of management costs and sell spread.
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM)[1]	4.71
Benchmark EWAYTM	4.02
Running Yield	4.53
Weighted Average Credit Quality	AA

[1] Estimated Weighted Average Yield to Maturity is a measure of the average annual yield of all securities in the Fund.

Modified duration	Years
Fund	4.94
Benchmark	4.90
Active Position	0.04

Benchmark duration is as at month end and therefore does not include rebalancing.

^ Fund inception for performance reporting purposes is at end of month, whereby the actual fund inception date may be earlier in the month.
^^ For more information and most up to date buy/sell spread information visit www.janushenderson.com/en-au/investor/buy-sell-spreads

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(continued)

Janus Henderson INVESTORS

Head of Australian Fixed Interest
Jay Sivapalan

Fund performance

The Janus Henderson Australian Fixed Interest Fund - Institutional (Fund) returned 0.53% (net) and 0.57% (gross). The Fund outperformed the Bloomberg AusBond Composite 0+ Yr Index (Benchmark) in May, which returned 0.16% on the month. The Fund continues its outperformance, beating the Benchmark over the longer term including by 1.18% (net) over the year, and 0.38% (net) since inception per annum.

Recent reductions to overall duration exposure through the latter half of April and into May proved beneficial as rates sold off during the month. The portfolio's modest remaining duration position was concentrated in the short end of the curve which benefited from the RBA's hawkish cut during the month, outperforming the long end which saw yields lift to a greater extent driven by offshore markets. Profits on inflation linked exposures, initiated when inflation break evens fell below the bottom of the RBA's target band, were realised as inflation expectations rose.

An overweight to semi government bonds delivered strong positive returns. A combination of spreads tightening and ongoing coupon income boosted returns.

The portfolio's overweight Australian investment grade credit allocation contributed positively as the dual benefits of credit spread tightening and healthy coupon income boosted returns. Additional allocations made in defensive sectors such as banks, transport and retail REIT's during the market turmoil, on attractive terms, were particularly rewarding with these sectors showing a strong rebound in prices.

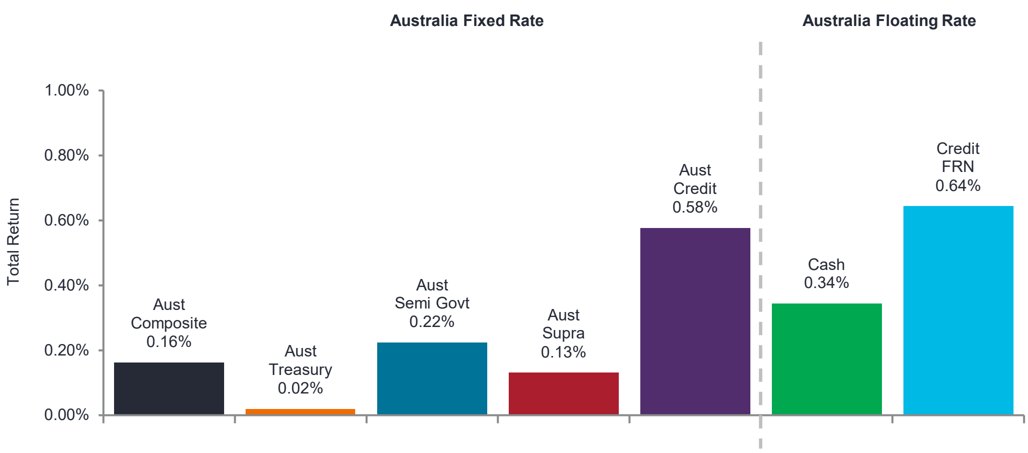
The Fund delivered a healthy positive return for the month, strongly outperforming the Benchmark. A move to neutral duration weight versus the Benchmark in April benefited relative performance in May as rates sold off. Being a fast decision maker enables the Fund to benefit from dislocations. Further, it is important to take advantage of market opportunities and utilise the full spectrum of active levers. The yield advantage of the fund has lifted meaningfully over the last two months which should bode well for future returns.

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.

Australia’s three-year government bond yields ended the month 1bp higher, at 3.33%, while 10-year government bond yields were 9bps higher at 4.26% steepening the yield curve.

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.



Source: Bloomberg AusBond Indices
Period of 1 May 2025 – 31 May 2025

Value remains in semi-government bonds where spreads above risk free rates appear attractive

Market Outlook and Investment Strategy

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.

Value remains in semi-government bonds where spreads above risk free rates appear attractive. Semi spreads are providing reasonable compensation for weakened state government finances and elevated funding programs. Taking a pragmatic approach, we look to add to semi-government overweights opportunistically where entry points offer good value and rotating between issuers to capture relative value.

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.

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

Environmental, Social and Governance (ESG)

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.