

Australian Fixed Interest Fund

ISIN AU60IOF00463

Investment 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 Fund is an actively managed portfolio of high quality interest bearing securities that seeks to provide a high level of capital protection. The Manager seeks to add value to the Benchmark using a combination of active strategies including duration and yield curve management, sector allocation and security selection.

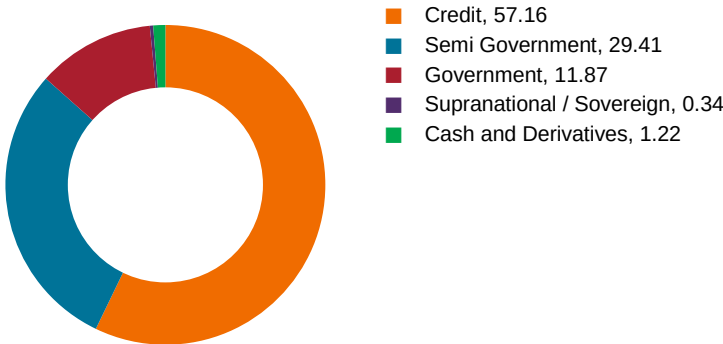
Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Fund (Gross)	-0.94	-1.60	1.24	0.07	4.81	0.67	2.26	6.19
Fund (Net)	-0.98	-1.71	1.02	-0.37	4.34	0.22	1.79	5.64
Benchmark	-0.86	-1.51	1.10	-0.40	3.56	0.00	1.52	5.40
Excess returns (Net)	-0.12	-0.20	-0.08	0.02	0.79	0.22	0.27	0.24

Net performance figures are calculated using the exit price net of fees and assume distributions are reinvested. Past performance is not a guide to future performance.

Characteristics	Fund	Index
Number of holdings	297	913
Modified duration (years)	5.32	4.75
Yield to maturity	5.82	5.36
Current yield	5.24	3.63
Credit spread duration	1.47	0.46
Average rating	AA	AA+

Sector Allocation (%)



Fund details

Inception date	31 August 1994
Total fund net assets	\$1.43bn
Asset class	Fixed Income
Domicile	Australia
Structure	Managed Investment Scheme
Base currency	AUD
Benchmark	Bloomberg AusBond Composite 0+ Yr Index
Distribution frequency (if any)	Quarterly
Risk profile	Medium
Suggested timeframe	3 Years
Minimum investment	\$25,000
ARSN code	087 719 739
APIR code	IOF0046AU
ASX mFund	JHI05
NAV	0.9691

ISIN	AU60IOF00463
SEDOL	BYTBJQ0

Fees & Charges

Management fee (% p.a.)	0.45
Buy/sell spread (%)	0.00/0.08

For more information and most up to date buy/sell spread information, visit www.janushenderson.com/en-au/adviser/buy-sell-spreads

Portfolio management

Jay Sivapalan, CFA

Ratings

Overall Morningstar Rating™ ★★★★
As of 30/09/2026

Morningstar Medalist Rating™ Bronze
Effective 27/04/2026

Analyst-Driven%: 100.00
Data Coverage%: 100.00

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Credit Rating Distribution (%)



Sub-sector Allocation (%)

	Fund	Index
Corporate Senior Fixed	42.68	13.62
Semi Government Fixed	29.41	33.86
Government Fixed	11.41	44.66
Corporate Senior Floating	7.78	—
Mortgage Backed Floating	3.99	—
Corporate Subordinated Floating	0.71	—
Corporate Subordinated Fixed	0.70	—
Asset Backed Floating	0.68	—
Covered Bond Fixed	0.62	0.26
Government Indexed	0.46	—
Cash and Derivatives	1.22	—

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AUSTRALIAN FIXED INTEREST FUND

At a glance

Performance

The Fund returned -0.98% (net) and -0.94% (gross). The Fund underperformed the Benchmark by 0.12% (net) in September, which returned -0.86% on the month.

Contributors/detractors

Higher income provided an offset, with credit exposure benefiting overall from excess yield as spreads widened. Our duration exposure detracted from returns due to rising yields across the curve.

Outlook

Our base case is a peak in the cash rate to 4.60%, and a 25% chance of the high case, a peak in the cash rate of 5.35%.

Investment environment

Global fragmentation, AI-driven investment and climate-related disruptions are reshaping capital markets, lifting inflation risks and capital demand. Expanding fiscal deficits, infrastructure spending and supply chain vulnerabilities have tightened global savings, supporting structurally higher interest rates and bond yields.

Australian bond yields reflect persistent inflation, global fiscal and AI-driven pressures, with higher term premia now largely priced in. Australian three-year government bond yields increased 27bps to 4.93%, while 10-year yields also rose 26bps to 5.35%.

In Australia, a softening property market and rising stress in the private credit sector focused investor attention. Adjusted for the semi-annual roll, the Australian iTraxx Index closed 1bp tighter at 72bps, while the Australian fixed and floating rate credit indices returned -0.54% and +0.37% respectively.

Portfolio review

Rising yields across the curve weighed on the broad bond market with duration exposure detracting from returns. Taking advantage of higher yields, the portfolio took increased duration slightly during the period. Intermediate maturities, poised to benefit from any recalibration of market pricing towards an RBA easing cycle following the end of the current hiking cycle are favoured.

Semi-government spreads widened in the final month of the quarter, with underperformance concentrated in intermediate to longer maturities. Front-end spreads moved only modestly, while widening reached around 5bps for 10-year maturities. Victoria and Queensland underperformed on a relative basis, while NSW was the stronger performer. S&P's rating downgrade of Queensland was the primary cause of the state's relative underperformance, although this had largely reversed by month end.

Investment grade credit spreads widened although the benefit of excess carry was sufficient to see the sector contribute positively to performance. A preference for higher quality investment-grade issuers with conservative balance sheets helped relative performance. Recent increases to the insurance sector also provided an uplift with that segment performing relatively well as spreads narrowed.

The Strategy navigated a difficult quarter as government bond yields moved sharply higher across the curve. Higher income provided an offset, with credit exposure benefiting overall from excess yield as spreads widened into the end of the period. Portfolio positioning remains focused on selective duration opportunities and high-quality Australian investment-grade credit. Ongoing volatility in Australian and global bond yields has seen yields in core fixed income move toward their recent highs. These yields are proving a valuable buffer against price volatility.

The portfolio is now around 0.5 years overweight versus the Benchmark offering additional ballast against any deterioration in the economy in a higher rate environment. We retain our CDS protection positions with CDS spreads offering cheap insurance while global spread markets remain tight. Overall, a more conservative balance of risk positioning

across rates, credit and protection is helping us navigate the noisy environment well while harnessing the available income and gains on offer.

Manager outlook

We believe that while the RBA risks future hiking, we are more toward the end of the cycle than the beginning, unlike other central banks such as the US Federal Reserve. We presently see a base case of a peak in the cash rate to 4.60%, and a 25% chance of the high case, with a peak in the cash rate of 5.35%. There is a substantial amount priced in across the Australian curve. The curve also suggests that the current tight monetary policy conditions will persist for an extended period. While we see policy rates now in a higher band than previously, we expect the RBA to return to a less restrictive policy setting in time.

We have slowly been raising our long duration position as yields have been rising, with a focus on the mid-curve. We favour a modest long position at present and will continue to add as more opportunities present themselves if yields rise further.

Semi-government issuance slowed slightly in September. Eastern state supply is expected to continue throughout the year, with more periodic issuance from others. Aside from Queensland's Olympic construction efforts, a reduction in supply is expected in later years as attempts are made to stabilise debt levels. Attractive yields in excess of government bonds and excellent liquidity are expected to sustain demand. We continue to assess primary issuance, targeting additional upside through active rotation between states and specific maturity tenors whilst also taking profit as valuations rise.

We expect volatility to remain elevated as geopolitical and macroeconomic risks persist. Against this backdrop, our credit strategy remains firmly biased towards high-quality investment-grade issuers with resilient businesses, strong earnings and conservative balance sheets. We are cautious on more economically sensitive, leveraged and lower-quality corporate and consumer sectors, particularly where default risk remains elevated or business models face significant AI disruption. Australian investment-grade credit remains attractive relative to global markets, particularly given its low default risk and competitive all-in yields. We believe high-quality Australian credit should remain resilient across a range of economic environments. While we remain constructive and well-invested for carry advantage across portfolios, we have been selective in subsectors and usage of risk capacity. We have retained capacity to take advantage of periods of market volatility and favour maintaining cost-effective credit protection against downside risks.

The quarter saw solid levels of labelled transactions spanning sovereign and semi-government borrowers, financials, supranationals and corporates. A diversity of issuers, structures and sectors continues to provide opportunities to align portfolio construction with environmental and social themes while maintaining credit-quality and valuation discipline.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit <https://go.janushenderson.com/Viewpoint-Oct26>