

CONSERVATIVE FIXED INTEREST FUND – INSTITUTIONAL

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 0.50% p.a., over rolling three-year periods.

Investment approach

The Fund is an actively managed portfolio of high quality interest bearing securities that seeks to provide returns in excess of cash and a high level of capital protection. The Manager seeks to add value using a combination of interest rate and yield enhancement strategies.

Benchmark

Bloomberg AusBond Bank Bill Index

Risk profile

Low

Suggested timeframe

3 year

Inception date[^]

31 August 2002

Fund size

\$1.2 billion

Minimum investment

\$100,000

Management cost (%)

0.25 p.a.

Buy/sell spread (%)

0.00/0.02^{^^}

Distribution frequency (if any)

Quarterly

ARSN code

100 098 271

APIR code

IOF0111AU

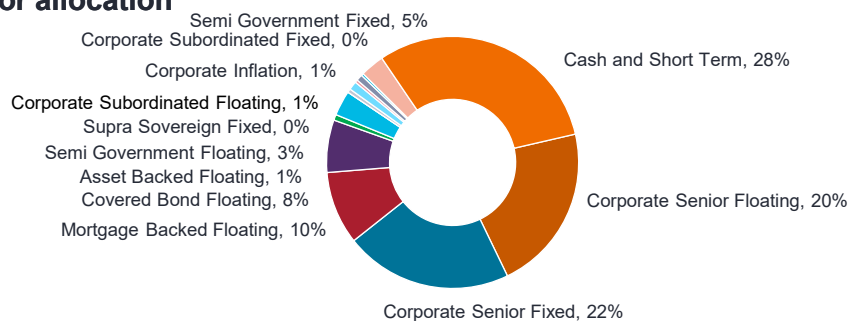
Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (gross)	0.72	1.29	2.76	5.67	4.90	3.21	2.89	4.52
Fund (net)	0.69	1.22	2.63	5.41	4.65	2.96	2.61	4.24
Benchmark	0.34	1.05	2.16	4.42	3.79	2.28	2.02	3.60
Excess return*	0.38	0.24	0.60	1.25	1.11	0.93	0.87	0.92

*In line with the fund objective, the excess return is measured against gross performance.

Gross return is gross of management costs and sell spread.

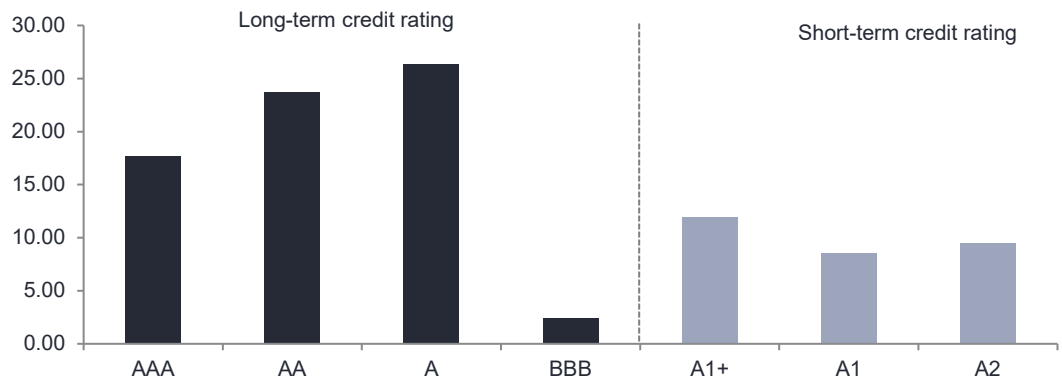
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity(EWAYTM) ¹	4.31
Benchmark EWAYTM	3.81
Running Yield	4.65
Weighted Average Credit Quality	AA+

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

Modified duration	Years
Fund	0.12
Benchmark	0.12
Active Position	0.00

[^] 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)



Portfolio Manager
Shan Kwee

Fund performance

The Janus Henderson Conservative Fixed Interest Fund - Institutional (Fund) returned 0.72% (gross). The Fund outperformed the Bloomberg AusBond Bank Bill Index (Benchmark) by 0.38% (gross) in May. The Fund continues its outperformance, beating the Benchmark over the longer term including by 0.99% (net) over the year, and 0.64% (net) since inception per annum.

Returns recovered in May as high quality credit performed well assisting Fund outperformance and total return. Our focus on defensive, high quality credit selection combined with some credit protection via CDS has helped buffer returns and preserve capital during the recent swings in market sentiment. Over the past year, returns of over 5.6% gross of fees have provided healthy outcomes for investors in liquid conservative strategies when compared to Benchmark and other less liquid deposit options. Excess returns of 1.1% p.a. over the past three years also providing consistent outperformance versus bank bills.

The Fund has actively maintained liquidity buffers through 2025, which allowed buy/sell spreads to remain unchanged for the Fund through April and May. The stronger environment saw recently added pockets of semi government bonds rally alongside credit markets. We have actively taken part profit on recent additions in 10- to 12-year state governments from Victoria, Queensland and ACT. Spread advantage of the Fund remains above 0.6%, which bodes well for excess returns going forward as we seek to actively navigate market volatility and opportunities that arise as a result.

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.

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.

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(continued)

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

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.

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, Additional Information Guide, and Target Market Determination for the Fund is available at www.janushenderson.com/australia. 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.