Janus Henderson

TACTICAL INCOME FUND

Janus Henderson INVESTORS

As at March 2024

Fund objective
The Fund seeks to achieve a total return after fees that exceeds the total return of the Benchmark, by investing in a diversified portfolio of predominantly Australian income producing assets.

Investment approach
The Fund is actively managed and designed to make tactical investment decisions between cash, longer duration fixed interest securities and higher yielding securities, through every step of the investment cycle.

Benchmark
Bloomberg AusBond Bank Bill Index and Bloomberg AusBond Composite 0+ Yr Index (equally weighted)

Risk profile
Low-medium

Suggested timeframe
3 years

Inception date^
30 June 2009

Fund size
$4.9 billion

Minimum investment
$25,000

Management cost (%)
0.45 p.a.

Buy/sell spread (%)
0.00/0.04^^

Base currency
AUD

Distribution frequency (if any)
Quarterly

ARSN code
130 944 866

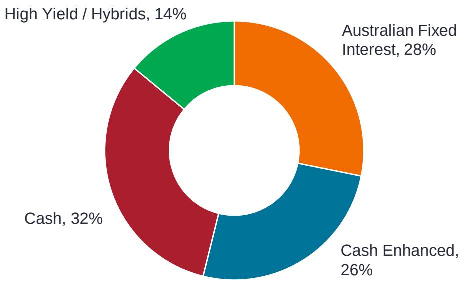
APIR code
IOF0145AU

ASX mFund
JHI02

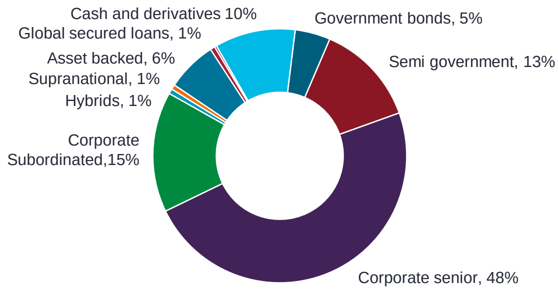
Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a)
Fund (gross)	0.75	1.53	4.25	7.20	2.70	2.94	3.29	4.79
Fund (net)	0.73	1.41	4.02	6.72	2.24	2.47	2.83	4.32
Growth (Net)	0.38	1.06	2.79	2.99	-1.00	-0.68	-0.26	0.40
Distribution (Net)	0.35	0.35	1.23	3.73	3.24	3.15	3.09	3.92
Benchmark	0.74	1.06	3.51	2.85	0.41	0.87	2.22	3.20
Excess return*	-0.01	0.35	0.51	3.87	1.83	1.60	0.61	1.12

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

Asset allocation*

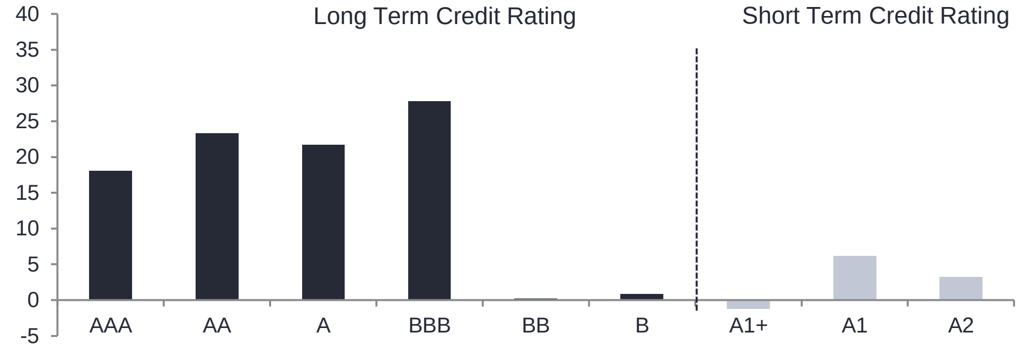


Sector allocation



*Asset allocation shown as effective exposure of asset classes.
Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM)[1]	4.92
Running Yield	4.99
Benchmark EWAYTM	4.23
Weighted Average Credit Quality	AA+
Number of Securities (on a look through basis)	443

[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)

Modified duration	Years
Fund	2.26
Benchmark	2.53
Active Position	-0.27

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

TACTICAL INCOME FUND

(continued)

Head of Australian Fixed Interest
Jay Sivapalan

Fund performance

The Janus Henderson Tactical Income Fund (Fund) returned 0.73% (net) and 0.75% (gross). The Fund performed in line with the 50% Bloomberg AusBond Bank Bill; 50% Bloomberg AusBond Composite 0+ Yr (Benchmark) in March, which returned 0.74% on the month. The Fund continues its outperformance, beating the Benchmark over the longer term including by 3.87% (net) over the year, and 1.12% (net) since inception per annum.

The impact of lower yields was favourable for the portfolio's duration position, with rates being the primary driver of the monthly active return. Higher embedded income added to performance.

Semi-government bonds also generated strong returns as yields fell, with the portfolio's sector allocation and security selection being broadly neutral to that of the market.Credit spreads tightened over the month despite heavy supply in markets.

Credit returns were solid, generating excess return from income advantage and spread contraction. The portfolio's sector allocation contributed to alpha, with the banking sector and REITs adding the most value.

Australian bank Tier 2 returns remained resilient despite new supply softening credit spreads. Major bank Tier 2 has now been upgraded by both Moodys and S&P to move up to A- rated which may provide some additional tailwind and support to spreads in coming months. Domestic hybrids rebounded as the new ANZ hybrid listed during March at a 1% premium, and globally spreads rallied across IG and high yield.

The Tactical Income Fund delivered a solid positive monthly return. The Fund's duration position at 2.25 years gave the Fund a nice tailwind as yields fell. Credit performed well, including the Fund's sector allocation which included an overweight to the banks. Credit protection in the portfolio, added as insurance to any left field events, detracted slightly from performance, but was more than offset by the Fund's higher embedded coupon income.

Market review

The Reserve Bank of Australia (RBA) monitors these forces closely, as well as the progress of the domestic economy. They kept policy unchanged, as expected, at 4.35%.

As central banks remain highly data dependent, bond yields swayed according to the news flow. Monthly end to end, yields were lower but intra-month there was no consistent trend. Australian three-year government bond yields ended the month 9 basis points (bps) lower at 3.62%, while 10-year government bond yields were 17bps lower at 3.96%.

Against this backdrop, the Australian bond market, as measured by the Bloomberg AusBond Composite 0+ Yr Index, rose 1.12%.

Global economic data continues to be volatile, as the aftereffects of the pandemic flow through, the lagged impact of the hiking cycle works through the system, and at the margins, major global thematics play out.

In a complete reversal versus this time last year, easing financial conditions globally encouraged a swathe of corporates to access primary bond markets. Investors eager to lock-in attractive yields ahead of an anticipated rate-cutting cycle, lapped up new issuance pushing credit spreads even tighter. The Australian iTraxx Index ended 5bps tighter at 64bps (adjusted for the semi-annual roll), while the Australian fixed and floating credit indices returned +0.90% and +0.50% respectively with credit outperforming government equivalents.

TACTICAL INCOME FUND

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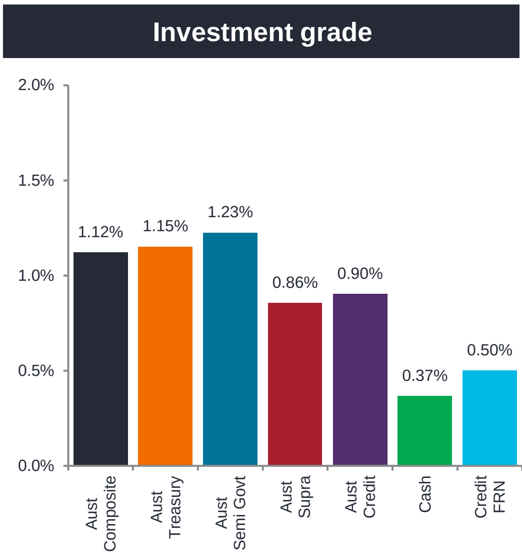
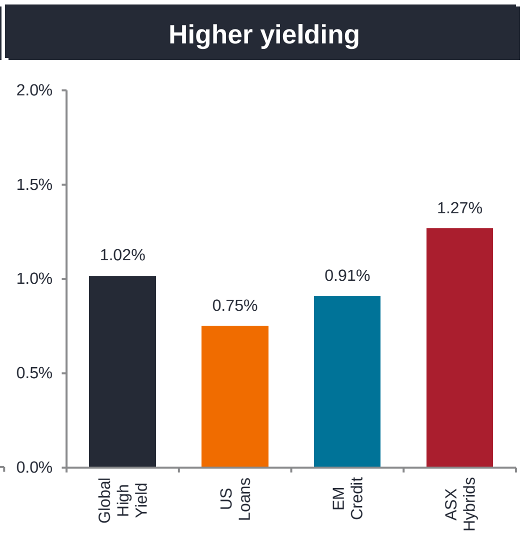


Source: Bloomberg AusBond Indices
Period of 1 March 2024 – 31 March 2024



Source: ICE BoAML Global High Yield Index A$ Hedged, S&P/LSTA Leveraged Loan Index AUD TR Hedged, JPMorgan CEMBI Broad Diversified A$ Hedged, Solactive Australian Hybrid Securities Index (Gross).
Period of 1 March 2024 – 31 March 2024

Market Outlook and Investment Strategy

The global economy remains soft but not in recession, and the US economy is holding up better than most expected. In this environment, the Australian economy is arguably underperforming. The household sector is anticipated to remain soft in the first half, before picking up later in the year. The investment cycle is mature, and expected to pull back in the second half, while government spending will assume its typical counter cycle role.

Our base case is for the RBA to remain on hold at current rates before commencing an easing cycle in August 2024. We price a more modest than historically 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 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 over the following year.

In recognition of the complex macroeconomic environment, our credit strategy remains skewed towards high-quality, investment grade issuers with resilient business models, solid earnings power and conservative balance sheets. We continue to judiciously seek out, create and access such opportunities, while simultaneously preserving significant capacity to take advantage of opportunities arising through future market dislocations.

A strong rally in Tier 2 has normalised the relative value in bank capital instruments, and for the first time in two years we see some value emerging in existing hybrid structures before the APRA Additional Tier 1 Capital recommendations are likely revised later this year. We remain overweight in Tier 2, and used primary markets to begin a minor rotation toward major bank hybrids. Primary market supply remains healthy and has accelerated post reporting season. We continue to see opportunities to add securities producing strong risk adjusted yields in the investment grade spectrum, with conservatively geared Australian REIT senior debt showing attractive relative value together with selected core infrastructure subsectors. We favour allocating now while all in yields remain attractive ahead of a potential cutting cycle.

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(continued)

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The bond market was extremely active in March, with domestic ESG labelled bonds following this trend.

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 higher costs of capital and slowing growth this year. We are withholding risk and liquidity capacity in anticipation of more attractive entry points for global high yield and loans. We favour further bolstering levels of credit protection (via credit default swaps) as we approach the point in the cycle where effects of policy tightening become more apparent.

For the Australian Fixed Interest Team's outlook, visit https://go.janushenderson.com/Viewpoint-Apr24.

For further insights on our views for 2024 please visit: https://go.janushenderson.com/AFI-2024-Outlook.

Environmental, Social and Governance (ESG)

The bond market was extremely active in March, with domestic ESG labelled bonds following this trend. Issuance was dominated by governments with the most notable coming from the South Australian government with their funding entity South Australian Government Financing Authority (SAFA) issuing a five-year $2 billion sustainability bond. Moving forward SAFA have adopted a whole program approach with all bonds issued from 2018 being captured under their sustainable framework and labelled as sustainable.