Janus Henderson

CONSERVATIVE FIXED INTEREST FUND – INSTITUTIONAL

Janus Henderson INVESTORS

As at March 2024

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
$1.5 billion

Minimum investment
$100,000

Management cost (%)
0.25 p.a.

Buy/sell spread (%)
0.00/0.02^^

Distribution frequency (if any)
Quarterly

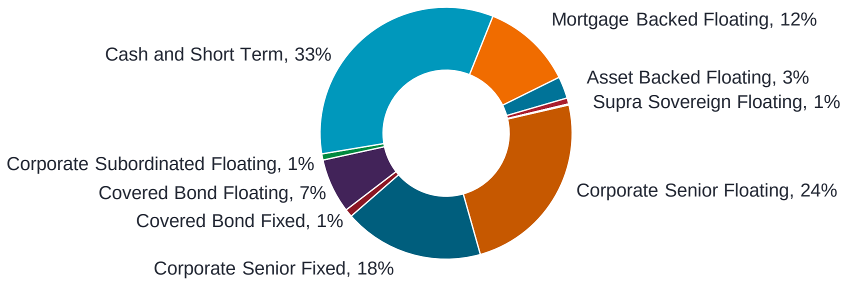
ARSN code
100 098 271

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)	0.49	1.44	2.89	5.55	2.50	2.34	2.62	4.46
Fund (net)	0.47	1.37	2.76	5.29	2.24	2.07	2.34	4.18
Benchmark	0.37	1.09	2.15	4.19	2.07	1.51	1.82	3.56
Excess return*	0.12	0.35	0.74	1.36	0.43	0.83	0.80	0.90

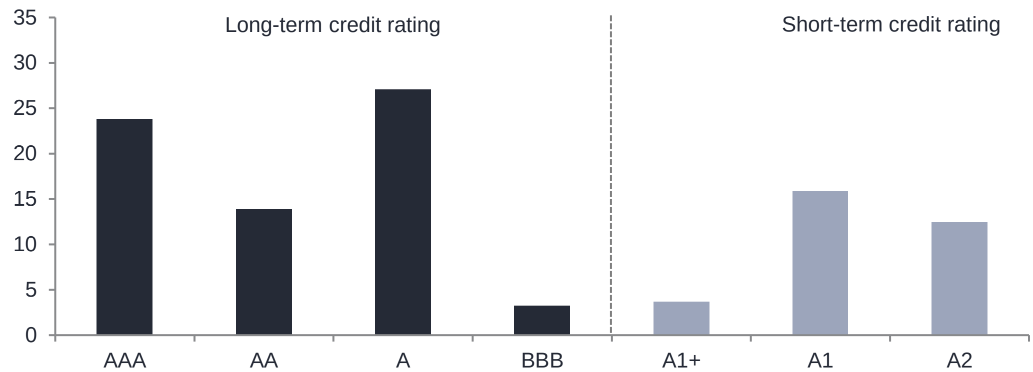
*In line with the fund objective, the excess return is measured against gross performance.
Gross return is gross of management costs and sell spread.
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity(EWAYTM)[1]	4.80
Benchmark EWAYTM	4.15
Running Yield	5.12
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	0.24
Benchmark	0.13
Active Position	0.11

^ 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 0.49% (gross). The Fund outperformed the Bloomberg AusBond Bank Bill Index (Benchmark) by 0.12% (gross) in March. The Fund continues its outperformance, beating the Benchmark over the longer term including by 1.36% (gross) over the year, and 0.90% (gross) since inception per annum.

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.

Total returns and excess returns were both strong as cash rates were maintained at their peak through the quarter, and high quality credit spreads were well supported despite a significant amount of credit supply. Short term deposits, commercial paper and senior floating rate notes and AAA RMBS are currently offering relatively low risk avenues to generate 4.5-5.5% yield levels which is appealing from liquid credit allocation as bank term deposit rates have started to gradually fall.

Throughout the quarter we were presented with attractive yields on the safest and most liquid parts of the money market and high grade credit market, and the ongoing yield advantage we are able to produce in the Fund provides ongoing solid ground for excess returns through the year. Active repositioning has focussed on maintaining a level of credit allocation while actively rotating into new issues which present better return prospects. Bond yields continue to be volatile and have continued to favour only minor duration overweights. Within the market moves, we continue to look out for attractive yield levels to extend overweight duration to lock in some of the currently available yields which remain attractive, prior to clear signs of a slowdown in the economy.

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%.

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.

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(continued)

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

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.

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.

Further information
www.janushenderson.com/australia