

AUSTRALIAN FIXED INTEREST FUND

As at April 2023

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

Benchmark

Bloomberg AusBond Composite 0+ Yr Index

Risk profile

Medium

Suggested timeframe

3 years

Inception date[^]

31 August 1994

Fund size

\$801.4 million

Minimum investment

\$25,000

Management cost (%)

0.45 p.a.

Buy/sell spread (%)

0.00/0.08^{^^}

Distribution frequency

(if any)
Quarterly

ARSN code

087 719 739

APIR code

IOF0046AU

ASX mFund

JHI05

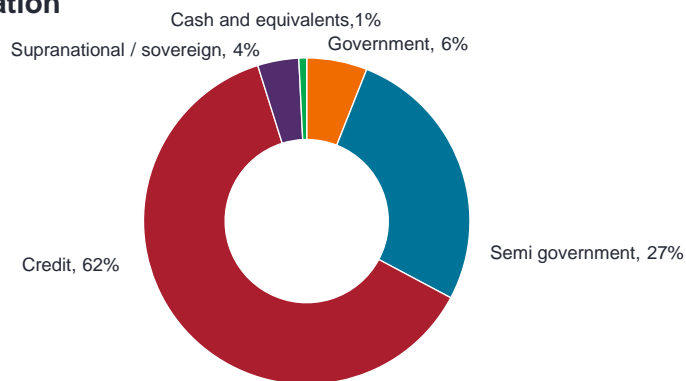
Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception (% p.a.)
Fund (gross)	0.37	2.31	5.72	2.79	-1.38	1.82	3.14	6.54
Fund (net)	0.33	2.20	5.49	2.34	-1.77	1.34	2.65	5.98
Benchmark	0.19	1.99	4.23	2.06	-2.29	1.38	2.64	5.80
Excess return*	0.14	0.21	1.26	0.28	0.52	-0.04	0.01	0.18

*Excess return is measured against net performance.

Gross return is gross of management costs and sell spread.

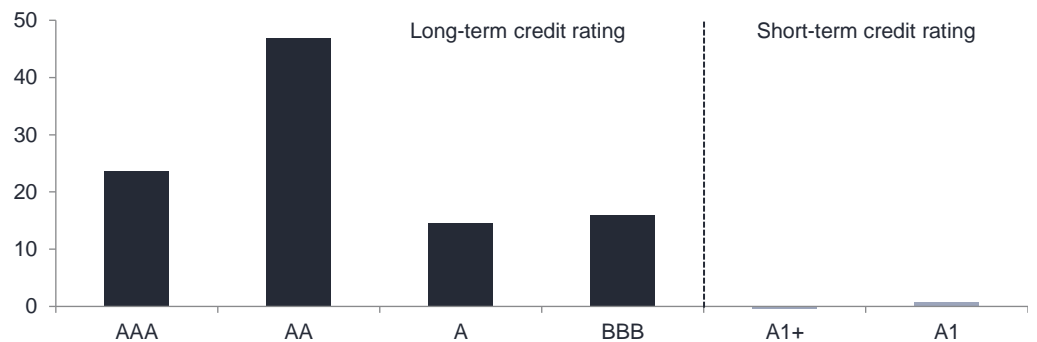
Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity (EWAYTM) ¹	4.37
Benchmark EWAYTM	3.55
Running Yield	3.60
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	5.37
Benchmark	5.29
Active Position	0.08

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.janus Henderson.com/en-au/investor/buy-sell-spreads

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(continued)



Head of Australian Fixed Interest
Jay Sivapalan

Fund performance

The Janus Henderson Australian Fixed Interest Fund (Fund) returned 0.33% (net) and 0.37% (gross). The Fund outperformed the Bloomberg AusBond Composite 0+ Yr Index (Benchmark) by 0.14% (net) in April, which returned 0.19% on the month. The Fund continues its outperformance, beating the Benchmark over the longer term including by 0.28% (net) over the year, and 0.18% (net) since inception per annum.

Volatility remained persistent in April with bond yields trading in a near 35bp range, despite only ending the month slightly higher. Rates took a dip early in the month as the Reserve Bank of Australia (RBA) paused and markets remained cautious following the banking turmoil in March. However, this was soon reversed as yields rose mid-month reflecting the strong fundamentals resulting in a withdrawal of some rate cuts that had been priced in. The release of the Consumer Price Index (CPI) figures later in the month tempered enthusiasm somewhat, causing a bond market rally to finish off the month.

Spreads on semi-government bonds tracked tighter versus Treasuries, contributing positively to performance.

April was a good month for credit, with most of the attribution coming from higher coupon income as credit spreads stabilised. The Fund added additional alpha by taking advantage of opportunities that arose after the Silicon Valley Bank collapse and Credit Suisse merger. Some of the safest segments from a default risk perspective cheapened as the baby was thrown out with the bath water. These rebounded well in April as rationality prevailed. We took the opportunity to take some profit on those trades that had rallied/rolled down. We remain cautious on the corporate debt sector whilst harnessing the income from taking larger positions in the highest quality credit segments. We remain under invested in higher beta securities with powder dry for future acquisition.

April was a good month for relative performance of the Fund. Despite being cautious on credit, the strategy was overweight in the high quality segments which aided relative performance in the month. While looking for opportunities to add more duration, the Fund remained broadly in line with the benchmark as we await better pricing opportunities. In addition, we took the opportunity to add some credit protection.

Market review

Volatility eased as offshore banking sector concerns faded, allowing for a recovery in risk appetite that supported equity and credit markets. Three- and 10-year government bond yields ended the month 6 basis points (bps) and 4bps higher at 3.00% and 3.34%. The Australian bond market, as measured by the Bloomberg AusBond Composite 0+ Yr Index, rose 0.19%. Credit markets calmed down in April as investor focus shifted from recent offshore banking crises to northern hemisphere Q1 corporate earnings. The Australian fixed and floating credit indices returned +0.45% and +0.46% respectively.

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(continued)

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Market outlook and investment strategy

The current tightening cycle is maturing and heading towards the plateau phase. While the March quarter CPI recorded broad based inflation, the rate of inflation has begun to slow, and with trimmed inflation lifting by 1.2%, the RBA doesn't have the smoking gun needed to make a May tightening a certainty.

We still think there is a case for one final tightening taking the peak to 3.85% given labour market strength and building wage pressures.

We currently see market pricing of a small chance of one further tightening, with an easing fully priced by April 2024 and a cash rate of around 3.1% by the end of 2024 as not that wildly off the mark.

Strategically, we remain on the lookout for tactical opportunities to add duration on spikes in yields on central bank signalling and data flows.

As the cumulative impact of tighter financial conditions continues to grip and the cycle ages, our focus in the credit space is towards defensiveness, with a keen focus on risk-adjusted returns. Our strong bias is towards high-quality, liquid credit and issuers that can survive and thrive through a range of macro-economic scenarios. By adopting a patient and disciplined approach to extending risk and reserving ample investment capacity, we will be well placed to take advantage of any further market dislocations.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-May23

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Data out this month showed that globally Green, Social, Sustainability and Sustainability-Linked bond issuance has significantly grown quarter on quarter.

Environmental, Social and Governance (ESG)

Data out this month showed that globally Green, Social, Sustainability and Sustainability-Linked bond issuance has significantly grown quarter on quarter. This positive momentum should bode well for further growth in the Australian market.

Important information

A Product Disclosure Statement and Additional Information Guide for the Fund dated 30 September 2022 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. The Gross performance methodology was updated at the end of March 2020 to reflect the Gross return to be Gross of Management costs and Sell Spread. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. The information in this monthly report was prepared by Janus Henderson Investors (Australia) Funds Management Limited ABN 43 164 177 244, AFS Licence 444268 and should not be considered a recommendation to purchase, sell or hold any particular security. 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 does not take account of your individual objectives, financial situation or 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. None of Janus Henderson Investors (Australia) Funds Management Limited 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, available at www.janushenderson.com/australia, before making a decision about the Fund. Target Market Determinations for funds issued by Janus Henderson are available here: www.janushenderson.com/TMD. Dollar figures shown are in Australian Dollars (AUD), unless otherwise stated.