

CONSERVATIVE FIXED INTEREST FUND

As at July 2022

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 1994

Fund size

\$66.4 million

Minimum investment

\$25,000

Management cost (%)

0.30 p.a.

Buy/sell spread (%)

0.00/0.02^{^^}

Distribution frequency (if any)

Quarterly

ARSN code

087 720 401

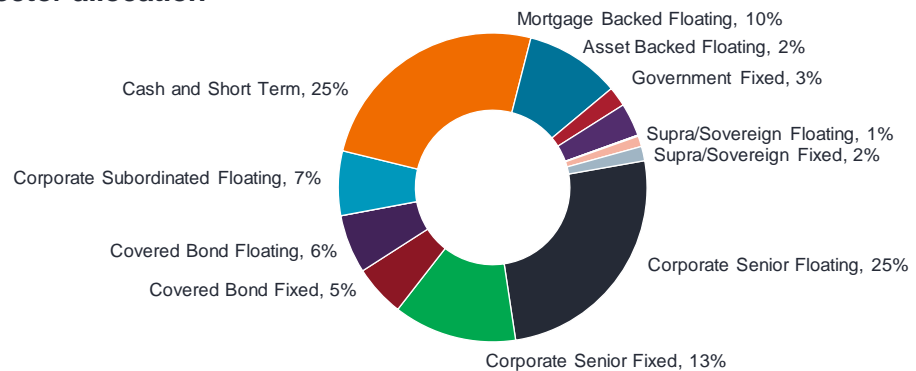
APIR code

IOF0047AU

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)	0.23	-0.07	-0.83	-0.81	0.87	1.57	2.69	4.91
Fund (net)	0.20	-0.14	-0.98	-1.11	0.53	1.20	2.30	4.43
Benchmark	0.12	0.21	0.20	0.22	0.33	0.94	1.72	4.25
Excess return*	0.11	-0.28	-1.03	-1.03	0.54	0.63	0.97	0.66

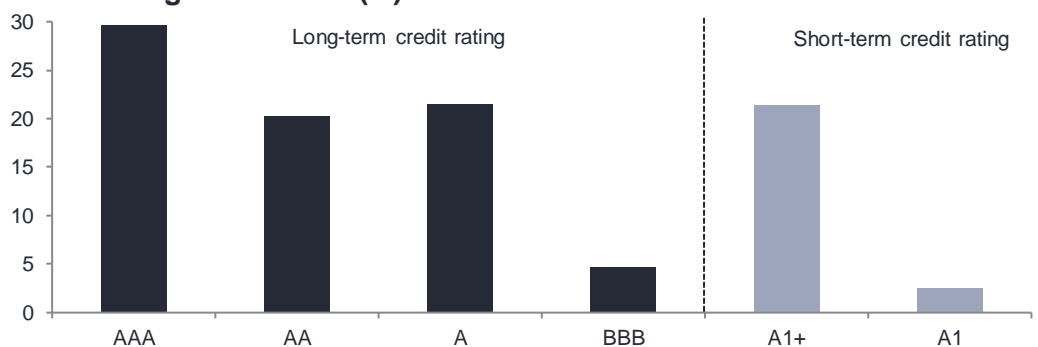
*In line with the fund objective, the excess return is measured against gross performance. Gross return is gross of management costs and sell spread. Past performance is not a reliable indicator of future performance.

Sector allocation



Rounding accounts for small +/- from 100%.

Credit rating distribution (%)



Portfolio characteristics

Estimated Weighted Average Yield to Maturity(EWAYTM) ¹	3.61
Benchmark EWAYTM	1.79
Running Yield	2.52
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	0.39
Benchmark	0.12
Active Position	0.27

[^] 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

CONSERVATIVE FIXED INTEREST FUND

(continued)

Janus Henderson
INVESTORS



Portfolio Manager
Shan Kwee

Fund performance

The Janus Henderson Conservative Fixed Interest Fund (Fund) outperformed the Bloomberg AusBond Bank Bill Index (Benchmark) by 0.11% (gross) in July, while the Benchmark gained by 0.12%.

The team's 'fair value' interest rate process and qualitative judgement led us to position portfolios with the most overweight duration position in the history of portfolios by mid-June despite being a little early in adding duration and the recent reassessment by markets vindicates such a high conviction strategy now delivering results for our investors. Our targeted yield curve strategy focusing on the two to four-year part of the yield curve to effectively 'lock in' what we assessed as elevated yields unlikely to be fully delivered by the RBA benefited from this part of the yield curve rallying the most.

In terms of top down sector strategy, having previously preserved capital with significant credit protection via CDS earlier in the year our focus has been on accumulating more liquid high quality credit assets (predominantly AAA, AA). This exposure to credit was a positive contributor to performance in the month.

Market Review

Both the US Federal Reserve (Fed) and the Reserve Bank of Australia (RBA) continued with aggressive front-end loaded monetary tightening against the backdrop of stubbornly high inflation readings. Risk appetite improved as markets saw signs of moderating growth as limiting the amount of prospective monetary tightening. While volatile, both equity and credit markets ended stronger, while yields fell across the curve.

Short-term money market yields continued to rise as markets discounted further near-term tightening. The three-month bank bill yield ended the month 31.5 basis points (bps) higher at 2.12%, while six-month bank bills ended 11bps higher at 2.78%

The RBA lifted the cash rate by a consecutive 0.5% increment in early July to 1.35%. In contrast to recent months, yields fell across the curve despite mixed economic data readings. At the shorter end, the three-year government bond yield fell 46bps to end the month at 2.66%. Further out along the curve, 10- and 30-year government bond yields ended 60bps and 42bps lower at 3.06% and 3.43%.

Despite intra-month volatility, credit markets closed on a stronger footing. The Australian iTraxx Index closed 19bps tighter at 111bps, while the Australian fixed and floating credit indices returned 2.40% and 0.24% respectively.

Market Outlook and Investment Strategy

Whilst the process and journey of policy normalisation, consumer demand moderating, inflation peaking and the forthcoming economic growth slowdown from tighter financial conditions has a long way to go with many more twists and turns, it does seem markets are taking a more balanced view of where cash rates may ultimately peak in this cycle.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit go.janushenderson.com/Viewpoint-Aug22.

Interest Rates: While the recent rally has released much of the value we saw, we still see some value at the shorter to mid part of the yield curve as market pricing does not see the Australian economy responding to an extended period of tighter monetary policy. The recent rally in longer-dated yields has released some of the value we saw building up

Investment Grade Credit: We remain active and selective, favouring relative value within sub-sectors, whilst being judicious on overall credit beta. Recent spread widening has allowed us to access high quality names at attractive levels. We now see valuations as more attractive in investment grade credit as spreads on high quality financials have normalised and the global growth outlook is softening. We favour rotating up the capital stack into AAA covered, senior financials, investment grade corporate bonds in defensive sectors, and Tier 2 notes which present better risk adjusted value. We anticipate primary supply post reporting to provide good entry points into attractive yielding quality credit.

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From an ESG perspective, we continue to engage with intermediaries and issuers on growing Australia's positive impact bond market. We seek to participate where valuations make sense.

Environmental, Social and Governance (ESG)

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Important information

A Product Disclosure Statement and Additional Information Guide for the Fund dated 30 September 2021 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.