Janus Henderson

NET ZERO TRANSITION RESOURCES ACTIVE ETF

Janus Henderson INVESTORS

As at January 2025

Fund objective
To achieve a total return after fees that exceeds the total return of the Benchmark over rolling five year periods.

Investment approach
The Fund will invest in companies whose products, services and activities are contributing to or benefiting from the goal of achieving “net zero” carbon emissions through the decarbonisation of the global economy, such as carbon reduction, energy transition, sustainable mobility, sustainable industry, and sustainable agriculture.

Benchmark
S&P Global Natural Resources Index (net dividends reinvested) in AUD

Risk profile
Very High

Suggested timeframe
5 years

Inception date
28 March 2022

Active ETF size
$0.8 million

Underlying fund size
$26.7 million

Management cost (%)
0.85 p.a.

Buy/sell spread (%)
0.15/0.15^

Base currency
AUD

Distribution frequency (if any)
Semi-annually

ARSN code
657 029 822

APIR code
HGI7345AU

ISIN
AU0000209348

ASX ticker
JZRO

Performance	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	5 years (%p.a.)	Since inception (% p.a.)
Fund (net)	3.36	-1.93	-1.69	8.43	-	-	-0.39
Benchmark	4.81	2.27	-0.66	7.73	-	-	4.11
Excess return*	-1.45	-4.20	-1.03	0.70	-	-	-4.50

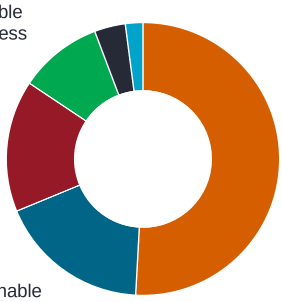
*Excess return is measured against net performance.
Past performance is not a reliable indication of future performance.

Fund performance – net (%)

	Jan	Feb	Mar*	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-	-	0.77	-2.68	-2.96	-15.54	6.39	2.18	-6.43	6.61	6.07	-3.15	-10.47
2023	5.53	-2.71	-1.36	-0.12	-3.95	4.62	3.58	-2.49	-4.39	-2.91	4.63	3.26	2.96
2024	-1.07	0.20	7.66	2.28	5.32	-8.60	3.83	-5.39	4.32	1.57	-0.99	-4.17	3.78
2025	3.36	-	-	-	-	-	-	-	-	-	-	-	3.36

*Fund inception date is 30 March 2022, therefore part month performance is shown.

Theme Allocation



Rounding accounts for small +/- from 100%.

Top 10 Holdings	%
Nutrien	5.60
Pan American Silver	4.76
Cameco	4.45
UPM-Kymmene	4.30
Prysmian	4.27
Linde	4.02
Wheaton Precious Metals	3.72
K92 Mining	3.66
Ivanhoe Mines	3.26
Coeur Mining	3.04

Holdings by market cap (USD)		%
> $20 Billion	15	38.79
$10-$20 Billion	6	13.41
$1-$10 Billion	22	43.25
<$1 Billion	4	2.47
Cash	-	2.07
Total number of holdings	**47**	**100**

^ 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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Senior Portfolio Manager
Tal Lomnitzer, CFA

Market review

The S&P Global Natural Resources Index (net dividends reinvested) in AUD (Benchmark) rose by 4.8% over the month. The MSCI World Index gained 2.8%. Within the Benchmark, Energy gained 3.0% and Metals and Mining rose by 4.3%. Agriculture rose by 6.9%.

In US dollar terms, the price of WTI Crude was flat, ending the month at $73 per barrel, while the US natural gas price fell by 2%, ending at $3 per mmbtu. Within base metals copper was up by 3% ending at $8,929 per tonne, while aluminium rose by 2%. In bulk commodities, the spot price for iron ore was down 2%, while the benchmark Australian seaborne coal price fell by 8%. Precious metal prices rose, with gold up 7% and silver up 10%, ending at $2,798 per ounce and $32 per ounce respectively. The uranium spot price fell by 2%, ending at $71 per pound whilst the term price held up.

Fund performance

The Janus Henderson Net Zero Transition Resources Active ETF (ASX: JZRO) (Fund) recorded a positive return in January month but underperformed its Benchmark. The Fund's overweight to precious metals mining companies was beneficial to performance as this was the best performing commodity sub-sector in the Benchmark, with Fund holdings Pan American Silver, Coeur Mining, Wheaton Precious Metals and K92 Mining all in the top ten positive stock performers. NEXTracker was the biggest single positive contributor to Fund performance over January after releasing much better-than-expected quarterly results and increasing earnings guidance for 2025 which propelled the shares up 25% on the day that results were released. NEXTracker produces solar tracker and software solutions for solar projects in the US and globally. The green energy is highly sought after by companies building data centres as part of the AI value chain. We took profits and have recycled the proceeds into First Solar who make thin film solar panels for utility scale solar projects.

Although there is a positive outlook for copper in terms of demand, especially in China, it is feared that the recent trade tariffs imposed on China by the US will create a headwind, which has negatively impacted sentiment on copper miners Ivanhoe Mines and Capstone Copper, both of which were notable individual detractors from Fund performance. Uranium producers suffered on concerns about the Chinese low-cost artificial intelligence (AI) model, DeepSeek, overtaking US AI models. Uranium is an important component in nuclear power facilities used by AI datacentres we took advantage of price weakness to top up Fund positions in Uranium Energy, Cameco and Denison Mines.

In terms of activity, we initiated new positions in Epiroc, Anglo American and IperionX. Epiroc is a Swedish provider of hard rock drilling equipment. Shares in the company have weakened over the past few years on growth and profit margin concerns. However, we believe this is a high-quality company and the headwinds to profit margins look set to reverse through 2025 as capital expenditure in copper mining increases, especially in South America where Epiroc has a leading position. AngloAmerican's valuation looks set to benefit from the simplification of its business as they spin out or divest of non-core assets such as diamonds or platinum and focus on copper. IperionX is a US-based titanium producer with the potential to take market share from the existing titanium suppliers by substantially lowering production costs and manufacturing waste. To fund the new positions the Fund exited from Befesa. Although the company has maintained solid profitability, its planned steel dust recycling business in China is facing growth challenges because local environmental regulations requiring steel producers to send the waste product for processing are not being enforced. As a result, earnings growth we had anticipated has not materialized which removes a key leg of the Befesa investment thesis. Elsewhere in the portfolio, the position in Smurfit Westrock was trimmed to lock in recent strong performance with the proceeds reinvested into pulp producer UPM-Kymmene where we expect cashflow generation to improve as they ramp up their low-cost pulp facility in Paraguay. The position in First Solar was topped up after its share price fell on negative renewable energy rhetoric from the new US administration. We believe these concerns are misplaced as it is unlikely that businesses will abandon their decarbonization efforts over the longer term. Furthermore, being a domestic producer of solar panels, First Solar actually stands to benefit from trade tariffs.

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Metal and mining share prices have underperformed since the Trump election victory, as the enaction of trade tariffs, a stronger dollar, and continued weakness in China have worried investors.

The Fund's primary investment themes are Energy Transition, Sustainable Transport, Sustainable Industry, Sustainable Agriculture and Carbon Reduction. Relative to the Benchmark, the Fund is overweight in copper, silver, renewable energy, uranium production, heavy electrical equipment, diversified metals & mining, forest products and electrical components. Oil and gas and thermal coal producers are excluded.

Market Outlook

Metal and mining share prices have underperformed since the Trump election victory, as the enaction of trade tariffs, a stronger dollar, and continued weakness in China have worried investors. We are constructive on the sector for 2025 on the basis that demand in the US and China improves. In the US, lower corporate tax rates, less regulation and the "America First" approach should lead to an increase in metals-intensive investment and manufacturing demand. Initial impressions from the clean sweep for Trump are that his policies seem inflationary, which should benefit commodity equities. In China, demand should be supported by more accommodative monetary and fiscal policies. In Europe it is possible that demand finally begins to improve with the help of interest rate cuts with a possible boost from reconstruction if peace in the Ukraine materialises. Whilst there are macro and geopolitical risks, improving demand coupled with ongoing supply constraints should be a recipe for higher commodity prices as the year progresses.

Looking further out, the medium-term outlook is attractive for well-run resources companies with exposure to the energy transition. There is much handwringing over the prospects for renewable energy deployment after the US election. Offshore wind will face significant headwinds but we believe the outcome will be better than feared for utility scale solar. Our sense is that Trump is not anti-decarbonisation per se but rather he is pro-competitiveness. Given how competitive utility scale solar is versus other forms of energy our expectation is that solar energy and electricity grid investments inside and outside of the USA will continue at a good pace. China wishes to continue to dominate clean energy value chains and we note that investment in the Middle East in clean energy infrastructure is surging, spurred by high levels of outward direct investment from China as they seek to drive demand for Chinese-made heavy equipment and renewable energy products. Therefore, despite a potential slowdown in the US under the new Trump administration, the global backdrop is positive for solar, grid transmission, energy storage systems and the associated critical minerals required to build out capacity such as copper, aluminium, and silver.

We remain bullish on uranium having long viewed nuclear energy as a vital function in the energy system and this perspective is increasingly shared by major governments. Data centre hyperscalers are validating the thematic and we expect to see more restarts of US nuclear power facilities to supply low carbon power for electrification and data centers. On top of recent deals between tech companies and nuclear energy providers we observe that China recently approved eleven new nuclear reactors with 56 operating and 32 under construction. Furthermore, European attitudes to nuclear power are also softening. The price of uranium will need to stay high to encourage the requisite investment in new supply which should benefit our holdings in uranium producers.

The transition to renewables and electric vehicles (EV) remains a decent demand tailwind for several commodities, alongside localisation of supply chains, military spending, infrastructure investment and Artificial Intelligence driven data centre growth. At the same time, long-term supplies of many materials look tight due to rising costs and the obstacles involved in establishing new mines. As demand for critical materials continues to grow, this presents a potentially lucrative challenge to producers. We maintain significant exposure to these durable thematics and would look to add back.

As for Agriculture, Earth's growing population entails a need for more food. Meanwhile, farming acreage is constrained by urbanisation and extreme weather exacerbated by increased greenhouse gas emissions. This imbalance requires innovation and more investment in farm equipment, precision farming services and inputs like fertiliser in order to increase yields. With grain prices at weak levels farmer incomes are constrained so we have been running relatively low exposure to agriculture companies and have instead focused on biomaterial-based packaging, timber and pulp producers over soft commodity exposed companies. With that said in the last few months we have been gradually adding to fertiliser producers and pulp companies trading at cyclical lows where risk reward looks good and cash flow generation underappreciated.

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We further observe a phenomenon of rising protectionism and competition for resources that is likely to continue as governments scramble to secure access to critical minerals essential for strategic industries. We are seeing a surge in state intervention not seen in Western democracies since the early 20th century, driven by concerns over national security and supply chain stability. This is leading to more M&A and slowly capex by mining companies is rising. Future-facing-commodities' continue to get the most investment and we believe companies that grow their production, and reserves are likely to get rewarded with higher multiples by investors.

In summary we see high levels of politically driven near term uncertainty but are overall constructive on the resources sector into 2025. Ultimately the outcome will be driven by the timing and magnitude of the stimulus in China and the severity and duration of trade tariffs. With this backdrop our quality-driven investment process continues to focus on natural resource companies with world-class assets, strong balance sheets, low costs or high margins, good access to funding and strong or improving ESG profiles.

Mega-theme	Sub-theme	Weighting (%)
Energy Transition (50.9)	Resource enablers	31.5
	Hydrogen	4.0
	Grid / power generation	8.8
	Renewable energy	5.7
Sustainable Agribusiness (9.9)	Nutrition	1.6
	Fertiliser	0.0
Sustainable Industry (15.6)	Circular economy/recycling	6.3
	Wood	5.0
	Plastic replacement	4.3
Sustainable Mobility (17.9)	EV metals	17.9
Others (3.7)	Precious Metals	3.7
Cash (2.1)	Cash	2.1

Further information
www.janushenderson.com/australia