1Q23 Global & International Equity

FUND COMMENTARY

International Sustainable Equity ETF

Market Environment

- Many of the overarching themes of late 2022 continued into the first quarter of 2023 – the tragedy and dislocations of the Ukraine war, tightening financial conditions as monetary authorities stay vigilant against persistent inflation, and uncertainty arising from political tensions between China and the U.S. Despite these challenges, international stocks ended the period almost 7% higher, continuing the strong equity market rally from the previous quarter.
- While cyclical sectors outperformed in late 2022, more of the secular growth stocks outperformed in the first quarter as early signs of cooling inflation sparked hopes that interest rates may be peaking. Led by semiconductor companies, information technology (IT) stocks were especially strong.
- Despite the turmoil within parts of the banking sector, the Fund suffered no direct consequence of these issues, as for several years now our strategy has avoided banking companies.
- Amid this volatility, we saw the persistence of secular themes that underpin our investment approach, with incentives such as the European Union's (EU) Green Deal providing further tailwinds to the Fund's sustainable investment trends of decarbonization, electrification, and digitalization.
- On a different but related note, the investment boom in artificial intelligence (AI) experienced a major breakthrough, with the release of OpenAI's ChatGPT enabling access to AI for the wider community and as part of the economy's move toward broader digitalization.

Performance Summary

The Fund outperformed its benchmark, the MSCI All Country World ex USA Index^{SM}, for the quarter ended March 31, 2023.

For detailed performance information, please visit janushenderson.com/performance.

Portfolio Discussion

Within the index, IT, communication services, and consumer discretionary were the strongest sectors, while real estate, energy, and financial stocks fared worst. The Fund's relative outperformance was driven by our overweight allocation to the IT sector, semiconductors in particular. Our stock selection in healthcare and overweight in industrials also contributed, the latter thanks to strong earnings from several European companies. Our zero exposure to energy, real estate, and banks further benefited relative performance. On the negative side, our stock selection in communication services and materials and overweight in utilities were detrimental.

At the individual stock level, the top contributors to the Fund's relative performance were semiconductor manufacturers ASML Holding and Infineon Technologies and digital automation and energy management specialist Schneider Electric. ASML issued a robust revenue outlook despite near-term headwinds for the broader semiconductor industry. Demand for the company's proprietary lithography equipment

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has been particularly strong. Investors are also becoming more optimistic about the outlook for the semiconductor industry in the second half of 2023. ASML benefits from a higher degree of earnings visibility because of its large orders backlog. Our longer-term outlook for the company remains positive as we believe that, even in a moderate recession, customers will continue to rely on ASML to advance their process technology road maps.

The largest individual detractors from relative returns were multinational insurance firm AIA Group Limited, renewable energy provider Innergex, and video game company Nintendo. AIA underperformed as Asian markets lagged and the company posted disappointing annual results. As usual, the company's net profit figures were heavily distorted by investment returns. AIA's operational performance also underwhelmed investors as new business dropped. We continue to view AIA as a quality company with growth opportunities that we believe could surpass the market's low expectations. The firm's markets in China, India, and Southeast Asia have relatively low penetration. AIA's products offer a layer of protection for citizens of countries that often lack a social safety net. Demand for these products should also benefit from Asia's aging population.

Top Contributors	Average Weight (%)	Relative Contribution (%)
Infineon Technologies AG	4.56	1.13
ASML Holding NV	4.65	0.63
Schneider Electric SE	4.56	0.50
adidas AG	2.33	0.48
Murata Manufacturing Co., Ltd.	3.43	0.46

Top Detractors	Average Weight (%)	Relative Contribution (%)
AIA Group Limited	5.05	-0.61
Innergex Renewable Energy	2.66	-0.49
Nintendo Co Ltd	3.28	-0.46
Intact Financial Corporation	4.95	-0.36
Olympus Corporation	3.93	-0.36

The holdings identified in this table, in compliance with Janus Henderson policy, do not represent all of the securities purchased, held or sold during the period. To obtain a list showing every holding as a percentage of the portfolio at the end of the most recent publicly available disclosure period, contact 800.668.0434.

Relative contribution reflects how the portfolio's holdings impacted return relative to the benchmark. Cash and securities not held in the portfolio are not shown.

Manager Outlook

While we ascribe to the view that the tightening in monetary policy has likely run its course, we are cautious about the prospect of a material reversal. With ongoing dislocations in global commodity markets, the reopening of the Chinese economy, and the re-orientation of global supply chains, we believe it is prudent to expect inflation to remain persistent in the face of tighter credit conditions and weaker economic growth. Therefore, in our portfolio construction, we prioritize resilience, cash flow generation, balance sheet strength, and reasonable valuations. Historical studies show that quality factors have tended to outperform in the one to three years after a peak in monetary policy tightening.

Despite our caution on the near-term macroeconomic outlook, we are constructive on the merits of investing in well-managed businesses with strong franchises and exposure to secular trends. Equities are one of the better asset classes to invest in during periods of inflation, and we still see plenty of stock-specific opportunities in relation to the sustainable investment themes we follow. In the U.S., Canada, and Europe, there is strong government support for clean technology investment. Additionally, we see an emerging investment boom in AI.

Electrification and digitalization are key vectors of efficiency and decarbonization and will remain persistent trends across industries. We strongly believe the current headwinds faced by the global economy are only serving to reinforce and accelerate sustainable investment trends over the coming decade, thereby offering multiyear growth opportunities for many companies in the Fund’s portfolio.

Portfolio Management

Hamish Chamberlayne, CFA

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For more information, please visit **janushenderson.com.**

Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, please call Janus Henderson at 800.668.0434 or download the file from janushenderson.com/info. Read it carefully before you invest or send money.

Past performance is no guarantee of future results. Call 800.668.0434 or visit janushenderson.com/performance for current month-end performance.

As of 03/31/23 the top 10 portfolio holdings of Janus Henderson International Sustainable Equity ETF are: Infineon Technologies AG (5.00%), Boralex Inc (4.99%), ASML Holding NV (4.80%), AIA Group Ltd (4.75%), Intact Financial Corp (4.74%), Schneider Electric SE (4.62%), SSE Plc (4.47%), Olympus Corp (3.93%), Murata Manufacturing Co (3.85%), Shimadzu Corp (3.65%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 3/31/23, are subject to change and may not reflect the views of others in the organization. Janus Henderson may have a business relationship with certain entities discussed. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

OBJECTIVE: Janus Henderson International Sustainable Equity ETF (SXUS) seeks long-term growth of capital.

Investing involves risk, including the possible loss of principal and fluctuation of value.

There is no assurance the stated objective(s) will be met.

Foreign securities are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in emerging markets.

Environmental, Social and Governance (ESG) or sustainable investing considers factors beyond traditional financial analysis. This may limit available investments and cause performance and exposures to differ from, and potentially be more concentrated in certain areas than, the broader market.

Actively managed portfolios may fail to produce the intended results. No investment strategy can ensure a profit or eliminate the risk of loss.

MSCI All Country World ex USA Index℠ reflects the equity market performance of global developed and emerging markets, excluding the U.S.

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

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