Janus Henderson INVESTORS

# MULTI-SECTOR INCOME FUND

## At a glance

**Performance***
The Fund returned −2.30%, the Index returned −2.61% and the Sector returned −2.30%.

**Contributors/detractors**
Our overall overweight positioning in credit spread risk detracted from performance as yields rose and spreads widened, while our allocation to collateralised loan obligations (CLO) contributed to performance.

**Outlook**
We think elevated yields support attractive income, diversification and long-term return potential. We remain positive on the high-quality carry available in securitised credit, while becoming more constructive on corporate bonds.

## Portfolio management


**John Kerschner, CFA**


**John Lloyd**


**Tim Elliot**


**Tom Ross, CFA**

## Investment environment

- US fixed income fell in September after the Federal Reserve (Fed) raised interest rates and oil prices rose again following the collapse of a fragile US-Iran ceasefire.
- Treasuries outperformed corporate bonds but underperformed most securitised sectors, apart from mortgage-backed securities (MBS).
- The Fed raised the federal funds rate by 25 basis points (bps) to 3.75% to 4.00%, its first monetary policy tightening since July 2023. Chair Kevin Warsh said the economy was strong, but that inflation had been too high for too long. Most policymakers expect one more hike this year, while the futures market appears to be leaning towards two.
- The US economy added a higher-than-expected 162,000 jobs in August, with unemployment unchanged at 4.1% and July's previously reported job losses revised to a gain of 21,000. Annual US inflation held at 3.4% in August, although core inflation (which excludes food and energy) eased to 2.4%, its lowest level since March 2021.
- The US 10-year Treasury yield ended the month 54 bps higher at 5.29%. US investment grade corporate bond spreads widened 2 bps to 80 bps, while high yield bond spreads widened 50 bps to 311 bps.

## Portfolio review

Overall overweight positioning to credit-spread risk detracted from performance as yields rose and spreads widened. This was driven by off-benchmark allocations to high yield corporate bonds and common stock, and by the corresponding underweight position in Treasuries.

In contrast, our allocation to CLOs contributed to relative returns as demand for floating-rate credit surged amid rate uncertainty. Overall positioning in private-label collateralised mortgage obligations (CMO) and asset-backed securities (ABS) also helped, although security selection within the latter detracted.

Yield-curve positioning contributed to performance, supported by our lower exposure to interest-rate risk. The underweight position in duration against the benchmark helped as yields rose.

We further increased the allocation to CLOs as yields rose and added to commercial mortgage-backed securities (CMBS), which remain among our preferred securitised assets. We also maintained the overweight position in

**Marketing communication**
**For professional investors only**
**Past performance does not predict future returns.**
References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned. There is no guarantee that past trends will continue, or forecasts will be realised.
*For benchmark and sector, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

loans, switching out of loans trading above par into new issues at or below par, while seeking opportunities in Europe as well as the US.

Having reduced the allocation to corporate bonds earlier in the quarter, we increased the allocation to credit-spread risk in September. Among the additions were investment grade bonds from artificial intelligence (AI) hyperscalers after spreads on these had widened. In general, we are watching for opportunities created by volatility to switch back into corporate bonds.

However, we consider it too early to begin adding duration. Although several further Fed interest-rate hikes are largely priced in already, heavy government and AI-related borrowing, above-trend growth and sticky inflation, in our view, all argue against increasing the fund's duration.

We believe elevated yields may support attractive income, diversification and long-term return potential. We remain positive about the high-quality carry available in securitised credit, while becoming more constructive on corporates.

## Manager outlook

US fixed income markets have entered a more volatile phase after the Fed lifted interest rates for the first time in more than three years. Aside from facing a possible cycle of further modest hikes, markets are still adjusting to life under Fed Chair Warsh, as he seeks to earn credibility through delivery rather than the forward guidance investors have grown accustomed to. This is feeding short-term uncertainty around rates, with rates market volatility returning to the levels seen in March. With the US economy holding up, market pressure is not coming from any change in credit fundamentals, which largely remain sound.

The range of possible rate outcomes in the coming year feels abnormally wide. On the one hand, a fresh flare-up in the Strait of Hormuz could send oil prices surging further and harm growth. On the other, a meaningful resolution to the US-Iran conflict could bring oil prices sharply lower again, easing the supply-side pressures on inflation. This opens up very different scenarios, even if further gradual tightening by the Fed appears to be the likeliest rates trajectory for now. We are also keeping a watchful eye on the pace of investment in AI, as any slowdown could alter the economic outlook.

Positioning for extreme potential outcomes, or fat tail risks, is a challenge. However, instead of leaning in any one direction, our inclination is to maximise income for each unit of risk while we await greater clarity. After all, carry comprises most of the long-term return from high-quality fixed income and, with yields where they are, potential returns may compare favourably with equities on a risk-adjusted basis. This means paying close attention to interest rate risks, particularly when different fixed income markets move in unison, making duration a less reliable hedge.

Rather than chase short-term market moves, therefore, we continue to favour assets that offer attractive carry with less sensitivity to rates. That means floating-rate loans, particularly in Europe, where we see better value and a more stable backdrop, and the relatively stable carry offered by securitised sectors such as commercial mortgage-backed securities (CMBS). We also retain a highly selective approach to corporate bonds while watching for opportunities to shift back into them now that high-yield spreads have widened again.

## Performance (%)

| Returns | Cumulative | | | | Annualised | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 Month | 3 Month | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since inception (04/12/19) |
| A2 USD (Net) | -2.30 | -2.46 | -1.20 | 0.26 | 6.18 | 1.38 | — | 2.04 |
| Index | -2.61 | -3.51 | -2.91 | -1.84 | 4.06 | -0.64 | — | 0.35 |
| Sector | -2.30 | -2.48 | -1.72 | -0.70 | 5.14 | 1.01 | — | 1.93 |
| A2 USD (Gross) | — | — | — | — | — | 2.75 | — | 3.42 |
| Target | — | — | — | — | — | 0.60 | — | 1.61 |

| Calendar year | YTD at Q3 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 from 04 Dec |
|---|---|---|---|---|---|---|---|---|
| A2 USD (Net) | -1.20 | 8.29 | 6.03 | 8.35 | -12.55 | 1.91 | 4.38 | 0.40 |
| Index | -2.91 | 7.30 | 1.25 | 5.53 | -13.01 | -1.54 | 7.51 | -0.05 |
| Sector | -1.72 | 7.70 | 4.27 | 6.07 | -9.38 | -0.24 | 6.86 | 0.74 |

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/09/26. © 2026 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns.** Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. **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.** Source for target returns (where applicable) - Janus Henderson Investors.

Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at www.janushenderson.com.

Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

## Investment objective

The Fund aims to provide a high income with the potential for some capital growth over the long term. Performance target: To outperform the Bloomberg US Aggregate Bond Index by 1.25% per annum, before the deduction of charges, over any 5 year period.

For the fund's investment policy, refer to the Additional fund information on page 4.
**Past performance does not predict future returns.**

## Fund details

| | |
|---|---|
| **Inception date** | 04 December 2019 |
| **Total net assets** | 724.45m |
| **Asset class** | Fixed Income |
| **Domicile** | Ireland |
| **Structure** | Irish Investment Company |
| **Base currency** | USD |
| **Index** | Bloomberg US Aggregate Bond Index |
| **Morningstar sector** | USD Flexible Bond |
| **SFDR category** | Article 8 |

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

Lower Risk 1 **2** 3 4 5 6 7 Higher Risk

Rating as at previous month end. Rating is for the representative share class as defined in the performance table.

# Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records/scenarios are detailed within the fund's specific KIID/KID; fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID, which must be reviewed before investing. Please consult your local sales representative and/or financial adviser if you have any queries. From 31 December 2025, Colin Fleury no longer manages this fund. This is an Irish Investment Company regulated by the Central Bank of Ireland. A short-term trading fee may be applied upon exiting the fund as per the prospectus. These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. Any securities, funds, sectors or indices mentioned within this article do not constitute or form part of any offer or solicitation to buy or sell them. The information in this commentary does not qualify as an investment recommendation. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.

## Investment policy

The Fund invests at least 70% of its assets in a multi-sector portfolio of US bonds of any quality, including high yield (non-investment grade) bonds and asset-backed and mortgage-backed securities, issued by governments, companies or any other type of issuer. The Fund may also hold other assets including bonds of other types from any issuer, cash and money market instruments. The Sub-Investment Adviser may use derivatives (complex financial instruments), including total return swaps, to reduce risk, to manage the Fund more efficiently, or to generate additional capital or income for the Fund. The Fund is actively managed with reference to the Bloomberg US Aggregate Bond Index, which is broadly representative of the bonds in which it may invest, as this forms the basis of the Fund's performance target. The Sub-Investment Adviser has discretion to choose investments for the Fund with weightings different to the index or not in the index, but at times the Fund may hold investments similar to the index.

## Investment strategy

The Sub-Investment Adviser seeks to identify future winners and losers to express their high-conviction views. A 'bottom-up' fundamentally driven investment process focused on companies around the world committed to transforming and improving their balance sheets, free cash flow generation, quality of management and security valuation drive security selection. A dynamic 'top down' (market and economic analysis) framework enables the Sub-Investment Adviser to make active sector allocation decisions based upon assessment of the stage of credit cycle, form views on market outlook, identify opportunities and take an appropriate amount of risk.

## Fund specific risks

An issuer of a bond (or money market instrument) may become unable or unwilling to pay interest or repay capital. If this happens or the market perceives this may happen, the value of the bond will fall. When interest rates rise (or fall), the prices of different securities will be affected differently. In particular, bond values generally fall when interest rates rise (or are expected to rise). This risk is typically greater the longer the maturity of a bond investment. While high yield (non-investment grade) bonds generally offer higher rates of interest than investment grade bonds, they are more speculative and more sensitive to adverse changes in market conditions. Asset-Backed Securities (ABS) and other forms of securitised investments may be subject to greater credit / default, liquidity, interest rate and prepayment and extension risks, compared to other investments such as government or corporate issued bonds and this may negatively impact the realised return on investment in the securities. Some bonds (callable bonds) allow their issuers the right to repay capital early or to extend the maturity. Issuers may exercise these rights when favourable to them and as a result the value of the Fund may be impacted. High exposure to a particular country or geographical region carries a higher level of risk than a more broadly diversified portfolio. Derivatives may be used to help achieve the investment objective. This can result in leverage (higher levels of debt), which can magnify an investment outcome. Gains or losses may therefore be greater than the cost of the derivative. Derivatives also introduce other risks, in particular, that a derivative counterparty may not meet its contractual obligations. When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact the value of the Fund due to differences in short-term interest rates between the currencies. Securities could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses. The Fund may incur a higher level of transaction costs as a result of investing in less actively traded or less developed markets compared to a fund that invests in more active/developed markets. Some or all of the ongoing charges and other costs of the Fund may be taken from capital, which may erode capital or reduce potential for capital growth. In addition to income, this share class may distribute realised and unrealised capital gains and original capital invested. Fees, charges and expenses are also deducted from capital. Both factors may result in capital erosion and reduced potential for capital growth. Investors should also note that distributions of this nature may be treated (and taxable) as income depending on local tax legislation. Losses could be incurred if a counterparty became unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider.

## Source for risk rating

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 2 out of 7, which is a low risk class. The risk indicator assumes you keep the product for 5 years. This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact our capacity to pay you.

FOR MORE INFORMATION PLEASE VISIT **JANUSHENDERSON.COM**

Janus Henderson
INVESTORS

Source: Janus Henderson Investors, as at 30 September 2026, unless otherwise noted.

**For institutional / sophisticated investors / accredited investors qualified distributors use only. Not for onward distribution. All content in this document is for information or general use only and is not specific to any individual client requirements. Janus Henderson Capital Funds Plc is a UCITS established under Irish law, with segregated liability between funds. This is a marketing communication. Please refer to the prospectus of the UCITS and to the KID before making any final investment decisions. Investors are warned that they should only make their investments based on the most recent Prospectus which contains information about fees, expenses and risks, which is available from all distributors and Paying/Facilities agents, it should be read carefully. An investment in the fund may not be suitable for all investors and is not available to all investors in all jurisdictions; it is not available to US persons. Past performance does not predict future returns. The rate of return may vary and the principal value of an investment will fluctuate due to market and foreign exchange movements. Shares, if redeemed, may be worth more or less than their original cost. This is not a solicitation for the sale of shares and nothing herein is intended**

**to amount to investment advice. For sustainability related aspects please access Janushenderson.com. This document does not constitute investment advice or an offer to sell, buy or a recommendation, nor should it be taken as a basis to take (or stop taking) any decision, for securities, other than pursuant to an agreement in compliance with applicable laws, rules and regulations. Janus Henderson Group Ltd. and its subsidiaries are not responsible for any unlawful distribution of this document to any third parties, in whole or in part, or for information reconstructed from this document and do not guarantee that the information supplied is accurate, complete, or timely, or make any warranties with regards to the results obtained from its use. As with all investments, there are inherent risks that each individual should address. The distribution of this document or the information contained in it may be restricted by law and may not be used in any jurisdiction or any circumstances in which its use would be unlawful. This document is strictly private and confidential and may not be reproduced or used for any purpose other than evaluation of a potential investment in any fund under the Janus Henderson Capital Funds umbrella structure. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes. With effect from 1 January 2023, the Key Investor Information document (KIID) changed to the Key Information Document (KID), except in the UK where investors should continue to refer to the KIID.**

Issued in Europe by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK Limited (reg. no. 2678531), Tabula Investment Management Limited (reg. no. 11286661), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Janus Henderson Investors Europe S.A. (reg no. B22848 at 78, Avenue de la Liberté, L-1930 Luxembourg, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier). The prospectus, the key information documents, the articles, the annual and semi-annual Reports as well as a list of all purchases and sales for the account may be obtained free of charge from the Swiss Representative. The Swiss Representative is FIRST INDEPENDENT FUND SERVICES LTD., Feldeggstrasse 12, CH-8008 Zurich. The Paying Agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Ile, CH-1204 Geneva. In respect of the units offered in Switzerland, the place of performance is the registered office of the representative. The place of jurisdiction is at the registered office of the representative or at the registered office or place of residence of the investor. The last share prices can be found on www.fundinfo.com For Qualified investors, institutional, wholesale client use only. Copies of the Fund's prospectus, Key Information Document, articles of incorporation, annual and semi-annual reports are available in English and other local languages as required from www.janushenderson.com. These documents can also be obtained free of charge from the Registered Office of the Company at 10 Earlsfort Terrace, Dublin 2, Ireland. They can also be obtained free of charge from the local Facilities Agents and the Swiss representative and paying agent. Janus Henderson Investors Europe S.A. ("JHIESA"), 78, Avenue de la Liberté, L-1930 Luxembourg, Luxembourg, is the Facilities Agent in Austria, Belgium Germany, Portugal, Sweden, Liechtenstein and Luxembourg. JHIESA is also the Facilities Agent for France (Sub – TA is CACEIS). FE fundinfo (Luxembourg) S.à.r.l., 6 Boulevard des Lumières, Belvaux, 4369 Luxembourg, is the Facilities Agent in Denmark, Finland, Netherlands, Norway, and Greece. State Street Bank International GmbH – Succursale Italia, Société Générale Securities Services S.p.A (SGSS S.p.A), Allfunds Bank S.A.U filiale di Milano, Caceis Bank Italy Branch, and Banca Sella Holding S.p.A. are the Sub Transfer Agents for Italy. Allfunds Bank S.A., Estafeta 6, La Moraleja, Complejo Plaza de la Fuente, Alcobendas 28109, Madrid, Spain is the Facilities Agent in Spain. Janus Henderson Capital Funds Plc is an Irish collective investment scheme (IIC) registered in the National Securities Market Commission's (CNMV) registry with registration number 265. The Hong Kong Representative is Janus Henderson Investors Hong Kong Limited of Units 701-702, 7/F, LHT Tower, 31 Queen's Road Central, Hong Kong. Janus Henderson Investors (Singapore) Limited (Company Registration No. 199700782N), whose principal place of business is at 138, Market Street #34-03/04, CapitaGreen, Singapore 048946, Singapore (Tel: 65 6813 1000). Any further dissemination of this document to other persons who do not qualify as professional investors is not permitted nor is authorised by Janus Henderson Investors. The summary of Investors Rights is available in English from https://www.janushenderson.com/summary-of-investors-rights-english. Janus Henderson Investors Europe S.A. may decide to terminate the marketing arrangements of this Collective Investment Scheme in accordance with the appropriate regulation.

Janus Henderson® and any other trademarks used herein are trademarks of Janus Henderson Group Ltd. or one of its subsidiaries. © Janus Henderson Group Ltd. For more information or to locate your country's Janus Henderson Investors representative contact information, please visit www.janushenderson.com