JANUS HENDERSON CAPITAL FUNDS PLC - JANUS HENDERSON MULTI-SECTOR INCOME FUND

A2 USD ISIN IE00BJVNGS06

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


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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 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.

Marketing communication
Past performance does not predict future returns.
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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 (%)

	Cumulative				Annualised			
Returns	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**Since inception (04/12/19)**
A2 USD (Net) with sales charge	-7.18	-7.34	-6.14	-4.75	4.38	0.34	—	1.28
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 (Net)	-2.30	-2.46	-1.20	0.26	6.18	1.38	—	2.04

Calendar year	**YTD at Q3 2026**	**2025**	**2024**	**2023**	**2022**	**2021**
A2 USD (Net)	-1.20	8.29	6.03	8.35	-12.55	1.91
Index	-2.91	7.30	1.25	5.53	-13.01	-1.54
Sector	-1.72	7.70	4.27	6.07	-9.38	-0.24

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. 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.**

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.

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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.

Investment objective

The Fund aims to seek a high income with the potential for some capital growth over the long term. The Fund invests at least 70% of its assets in US issuers in a global multi-sector portfolio of debt securities of any quality, including asset-backed and mortgage-backed securities, high-yield securities, including non-investment grade or unrated securities, issued by governments, companies or any other type of issuer.

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.

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