

MULTI-SECTOR INCOME FUND

At a glance

Performance*

The Fund returned 0.51%, the Index returned 0.39% and the Sector returned 0.53%.

Contributors/detractors

Off-benchmark allocations to high yield corporate bonds, common stock and loans were the main contributors to performance. Non-US Treasury government-related selections also helped. Yield-curve positioning and mortgage-backed securities (MBS) detracted.

Outlook

We maintain diversified income sources while actively managing duration and emphasising credit quality and security selection. While near-term uncertainty persists, we believe current yield levels may offer long-term potential.

Portfolio management



John Kerschner, CFA



John Lloyd



Tim Elliot



Tom Ross, CFA

Investment environment

- US bond markets delivered a positive return in a volatile trading month after Kevin Warsh, the Federal Reserve (Fed) Chair, said that policymakers still had “work to do” to bring inflation down. Securitised credit sectors and corporate bonds outperformed Treasuries.
- Expectations of a US interest rate hike were initially pared back after 23,000 US jobs were unexpectedly lost in July and payroll gains from May and June were revised down, suggesting a more fragile economy. Rate expectations then reversed as Warsh signalled a preference for more meaningful declines in inflation after the US annual inflation rate eased to 3.4% in July, from 3.5% in June.
- Futures markets ended August discounting a September hike of 25 basis points (bps) in the federal funds rate (currently 3.50% to 3.75%), with a second hike narrowly expected before the end of the year. This helped flatten the yield curve after it steepened earlier in the month. US Treasury Secretary Scott Bessent’s pledge to expand the government’s buyback of long-dated Treasuries briefly contributed to this flattening.

- US 10-year Treasury yields ended the month broadly unchanged at 4.75%. Investment grade corporate bond spreads were also left broadly unchanged at 78 bps, while high yield corporate bond spreads narrowed by 18 bps to 261 bps.

Portfolio review

Off-benchmark allocations to high yield corporate bonds, common stock and loans were the main contributors to relative performance. The corresponding underweight position in US Treasuries also helped, as did non-US Treasury government-related selections. At the corporate sector level, technology plus metals and mining selections performed strongly.

In contrast, yield-curve positioning detracted. With the yield curve flattening as expectations of interest rate hikes gathered steam, our overweight position at the short end of the curve detracted from performance. Selections of conventional 30-year Treasuries detracted as heavy government borrowing and volatility pushed yields to their highest levels in more than two decades before the Treasury announced its expanded buyback plans. The slight overweight allocation to mortgage-backed securities (MBS) was an additional detractor.

Marketing communication

For professional investors only

Past performance does not predict future returns.

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*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.

Credit markets have been supported by resilient growth, heavy investment related to artificial intelligence (AI), easing geopolitical tensions, strong corporate profits and a broadly stable consumer backdrop. However, with valuations near historically tight levels, we have eased back slightly on risk in recent months.

In August, we further reduced the corporate bond position while trimming loans ahead of what we see as a potential repricing wave. We again added to the position in collateralised loan obligations (CLO). We also maintained the overweight position in securitised sectors, which we consider attractive due to meaningful spread pick-up versus corporate bonds. This includes commercial mortgage-backed securities (CMBS), where investor demand has been strong and consistent, and liquidity has been supported by stable property-level fundamentals and orderly deal execution.

Although we trimmed the slight overweight holding in agency MBS again, we retain a positive bias towards the asset class. This is due to constrained supply (net issuance estimates have fallen to between \$150 billion and \$175 billion), continued demand from government-sponsored enterprises, and limited credit risk. We also added exposure to collateralised mortgage obligations (CMO).

Manager outlook

The market environment has shifted in recent months. Although energy prices have retreated from their highs, removing some of the supply-side impetus behind inflation, a lasting US-Iran peace remains elusive. A less predictable Fed under a new chair, combined with demand-driven economic strength and increased supply expectations from AI infrastructure-related issuance, has led the market to price in higher interest rates and pushed yields higher. This applies to the longer end of the US yield curve as well, where the deluge of highly rated, high-quality investment grade corporate paper is effectively crowding out Treasuries and keeping yields elevated.

Our stance is constructive but focused on security selection rather than macro positioning. We are inclined to take some risk off at the margin where spreads may leave us less well compensated, but we are using index derivatives to do this in order to retain flexibility to add risk if spreads widen. We prefer short-duration and floating-rate assets that may maximise income and could potentially benefit from reduced policy visibility as demand for less rate-sensitive instruments increases. Specifically, we favour securitised credit and loans over corporate bonds and emerging markets. Rather than reach down through the ratings for lower-quality assets, we have an up-in-quality bias and are prioritising credits with supportive fundamentals and, critically, what we consider to be better market technicals.

Our positioning in the AI mega-theme illustrates this selective approach. Rather than participate in investment grade bond sales from high-profile hyperscalers (where we have little or no position), we prefer to access other issuers involved in the AI ecosystem build-out through high yield and securitised credit. This includes data centre operators and developers, utilities that we think may benefit from the growing power backlog, providers of high-performance computing, and opportunities in memory and networking. We believe these sectors may offer better relative value and higher potential and could be less affected by heavy new supply. In our view, awareness of the wider disintermediation effects of AI—a factor that has weighed on some credit markets and led to greater dispersion this year—is also important in navigating the fast-evolving AI landscape. Hence, the underweight allocation to technology has shifted away from issuers we regard as more exposed to AI disintermediation, including software services firms.

We believe a balanced approach is warranted by maintaining diversified sources of income while actively managing duration risk and emphasising credit quality and security selection. While near-term uncertainty persists, we view current yield levels as offering attractive long-term potential.

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)	0.51	0.34	1.12	3.25	6.52	1.80	—	2.42
Index	0.39	-0.68	-0.31	1.89	4.08	-0.29	—	0.75
Sector	0.53	-0.12	0.59	2.51	5.45	1.37	—	2.31
A2 USD (Gross)	—	—	—	—	—	3.17	—	3.80
Target	—	—	—	—	—	0.96	—	2.01

Calendar year	YTD at Q2 2026	2025	2024	2023	2022	2021	2020	2019 from 04 Dec
A2 USD (Net)	1.29	8.29	6.03	8.35	-12.55	1.91	4.38	0.40
Index	0.62	7.30	1.25	5.53	-13.01	-1.54	7.51	-0.05
Sector	0.79	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 31/08/26. © 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	748.25m
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.



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.

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Source: Janus Henderson Investors, as at 31 August 2026, unless otherwise noted.

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