Janus Henderson INVESTORS

AAA CLO ETF

JAAA

At a glance

Performance

The Fund returned 1.15% and the J.P. Morgan CLO AAA Index returned 1.18%.

Contributors/detractors

Overall spread-risk positioning contributed to relative returns, while yield curve positioning performed in line with the benchmark and security selection detracted.

Outlook

Against a backdrop of heightened rates and geopolitical uncertainty, we believe AAA rated collateralized loan obligations (CLOs) offer investors a compelling combination of floating-rate diversification and strong credit quality.

Portfolio management



John Kerschner, CFA



Nick Childs, CFA

Investment environment

- AAA CLOs posted a positive return, outperforming Treasuries, securitized sectors, and corporate bonds, which weakened on the back of sharply higher yields. This was after the U.S. Federal Reserve (Fed) hiked interest rates and oil prices again rose following the collapse of a fragile U.S.-Iran ceasefire.
- The Fed held the federal funds rate steady in July, then raised it by 25 basis points (bps) in September to a target range of 3.75% to 4.00%, marking its first hike in more than three years. Fed Chair Kevin Warsh said inflation had been too high for too long. Futures markets are pricing in one more hike this year, and another two in 2027.
- U.S. hiring slowed over the summer before rebounding in August, when a surprisingly high 162,000 jobs were added and unemployment held at 4.1%. U.S. year-over-year inflation eased from 3.5% in June, to 3.4% in both July and August, but remains stubbornly high.
- Elsewhere, the European Central Bank paused in July, then raised its deposit rate by 25 bps to 2.50% in September.
- The U.S. 2-year Treasury yield ended the quarter 74 bps higher, at 4.88%. Spreads on AAA CLOs ended the quarter one basis point wider, at 127 bps.

Portfolio review

The fund delivered a positive return over the quarter despite volatile trading conditions. Spread-risk positioning contributed to relative returns, while yield curve positioning performed in line with the benchmark and security selection detracted.

Underlying demand for floating-rate assets, including AAA CLOs, remains strong. Against a backdrop of heightened rates and geopolitical uncertainty, we believe AAA rated CLOs continue to offer investors a compelling combination of floating-rate diversification and strong credit quality.

With the economy performing well and demand for floating-rate assets underpinned by an elevated fed funds environment, AAA CLO spreads look more attractively priced compared with other high-quality credit sectors than they did at the start of the year. In the coming quarters, we aim to make the most of these opportunities with a more systematic and quantitative active approach.

We rotated some of our AA exposure into Europe, where we see better value in AAA and, especially, AA CLOs relative to similarly rated U.S. CLOs. Europe remains an area of focus as we evaluate opportunities for the portfolio.

We also continue to believe that fears over artificial intelligence (AI) disruption to the software sector loans held in CLOs are overblown in the near term. Our approach is to

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manage the risk through careful loan-level analysis and a bias toward higher-rated CLO tranches.

Manager outlook

U.S. 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 up to a possible cycle of further modest hikes, markets are adjusting to life under Fed Chair Kevin 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, with rates-market volatility returning to the levels of March. With the U.S. economy demonstrating resilience, the 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 appears abnormally wide. On the one hand, a significant worsening of the U.S.-Iran conflict could send oil prices surging further and harm growth. On the other, a meaningful resolution and freeing up of supplies through the Strait of Hormuz 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 seems the likeliest rates trajectory for now. We also are keeping a watchful eye on the pace of investment in AI since any slowdown could alter the economic outlook.

Positioning for such extreme potential outcomes, or "fat-tail risks," may pose a challenge to investors. However, instead of leaning in any one direction, our preference is to be paid while we await greater clarity. Carry comprises most of the long-term return from high-quality fixed income, and with yields where they are, the income on offer compares favorably with equities on a risk-adjusted basis. Therefore, rather than chasing short-term market moves, our focus is on earning as much income as possible for each unit of risk. This means paying close attention to the interest rate risks, particularly when different parts of the fixed income market move in unison, making duration a less reliable hedge.

Performance - USD (%)

	Cumulative			Annualized			
Returns	**3Q26**	**YTD**	**1 Yr**	**3 Yr**	**5 Yr**	**10 Yr**	**Since Inception (10/17/20)**
ETF @ NAV	1.15	3.45	4.68	6.11	5.02	—	4.54
ETF @ Market Price	1.19	3.35	4.76	6.07	5.01	—	4.55
J.P. Morgan CLO AAA Index	1.18	3.60	4.87	6.12	5.19	—	4.70

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Market returns are based upon the midpoint of the bid/ask spread at 4:00 p.m. Eastern time (when NAV is normally determined for most ETFs), and do not represent the returns you would receive if you traded shares at other times. Ordinary brokerage commissions apply and will reduce returns.

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Expense Ratios (% as of most recent prospectus)

Gross 0.20, Net 0.20

Net expense ratios reflect the expense waiver, if any, contractually agreed to through at least February 28, 2027. This contractual waiver may be terminated or modified only at the discretion of the Board of Trustees.

Portfolio

Top Holdings (%)	Fund
KKR CLO 35 4.9292% 2038 (KKR 35A AR)	0.80
AB BSL CLO 1 5.0029% 2038 (ABBSL 2020-1A A1R2)	0.73
Oaktree CLO 2019-4 4.9592% 2037 (OAKCL 2019-4A AR3)	0.72
Madison Park Funding XXXI 4.9821% 2037 (MDPK 2018-31A A1A3)	0.70
Anchorage Capital Clo 16 4.9792% 2038 (ANCHC 2020-16A A1R2)	0.69
Bear Mountain Park CLO 4.9011% 2037 (BRMTN 2022-1A AR2)	0.64
Ares LXI CLO 4.9392% 2037 (ARES 2021-61A A1R2)	0.63
CARLYLE US CLO 2021-8 5.0229% 2038 (CGMS 2021-8A A1R)	0.58
WISE CLO 2024-1 4.9929% 2037 (WYZE 2024-1A AR)	0.58
Madison Park Funding XXXVII 4.9136% 2037 (MDPK 2019-37A AR3)	0.58
Total	**6.65**

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Definitions

2-Year Treasury Yield is the interest rate on U.S. Treasury bonds that will mature 2 years from the date of purchase.
Basis point (bp) equals 1/100 of a percentage point. 1 bp = 0.01%, 100 bps = 1%.
Carry is the excess income earned from holding a higher-yielding security relative to another.
Credit quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).
Credit spread is the difference in yield between securities with similar maturity but different credit quality. Widening spreads generally indicate deteriorating creditworthiness of corporate borrowers and narrowing indicate improving.
Monetary Policy refers to the policies of a central bank, aimed at influencing the level of inflation and growth in an economy. It includes controlling interest rates and the supply of money.
Tranches are segments of a pool of securities that are divided up by credit rating, maturity, or other characteristics.
A yield curve plots the yields (interest rate) of bonds with equal credit quality but differing maturity dates. Typically bonds with longer maturities have higher yields.

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.

Returns include reinvestment of dividends and capital gains.
OBJECTIVE: Janus Henderson AAA CLO ETF (JAAA) seeks capital preservation and current income by seeking to deliver floating-rate exposure to high quality AAA-rated collateralized loan obligations ("CLOs").
The opinions are as of 09/30/26, 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.
Holdings are subject to change without notice.
Performance attribution is a method used to analyze and quantify the performance of an investment portfolio relative to its benchmark and does not represent actual performance. Attribution is calculated using gross returns before the deduction of advisory fees and considers differences in weighting for the portfolio and the index. This analysis aims to break down the portfolio's performance into different components to understand what factors contributed to relative return, among other performance characteristics. The analysis can provide insights into which decisions positively or negatively impacted the portfolio's performance and serves as the basis for this discussion.
There is no assurance the stated objective(s) will be met.
Investing involves risk, including the possible loss of principal and fluctuation of value.
Collateralized Loan Obligations (CLOs) are debt securities issued in different tranches, with varying degrees of risk, and backed by an underlying portfolio consisting primarily of below investment grade corporate loans. The return of principal is not guaranteed, and prices may decline if payments are not made timely or credit strength weakens. CLOs are subject to liquidity risk, interest rate risk, credit risk, call risk and the risk of default of the underlying assets.
Derivatives can be more volatile and sensitive to economic or market changes than other investments, which could result in losses exceeding the original investment and magnified by leverage.
Concentrated investments in a single sector, industry or region will be more susceptible to factors affecting that group and may be more volatile than less concentrated investments or the market as a whole.
Actively managed portfolios may fail to produce the intended results. No investment strategy can ensure a profit or eliminate the risk of loss.
Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.
J.P. Morgan CLO AAA Index is designed to track the AAA-rated components of the USD-denominated, broadly syndicated CLO market.
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