

MORTGAGE-BACKED SECURITIES ETF

JMBS

At a glance

Performance

The Fund returned 0.79% and the Bloomberg U.S. Mortgage Backed Securities (MBS) Index returned 0.58%.

Contributors/detractors

Exposure to private collateralized mortgage obligations (CMOs) contributed, while our allocation to agency mortgage-backed securities (MBS) detracted.

Outlook

Despite an unsettled near-term rates outlook, current MBS levels offer attractive long-term potential, in our view, supported by positive market technicals and limited credit risk.

Portfolio management



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Investment environment

- The U.S. MBS market posted a positive return for the quarter, outperforming Treasuries but underperforming investment-grade corporate bonds, as U.S. interest rate hike expectations grew against a backdrop of economic strength and geopolitical tensions.
- Optimism that a U.S.-Iran peace deal would alleviate energy-driven inflation was tempered by a more hawkish Federal Reserve (Fed). While the federal funds rate was left unchanged at 3.50% to 3.75%, new Fed Chair Kevin Warsh's reassertion that "inflation is a choice" signaled that bringing inflation back down to target remained a priority. His refusal to provide forward guidance also suggested a less predictable approach.
- Although oil prices fell by quarter-end to approximately their pre-war levels, futures markets now are pricing in a U.S. rate hike this year. This outlook was reinforced by inflation accelerating to a three-year high of 4.2% in May, coupled with consecutive months of healthy U.S. employment growth.
- Spreads on agency MBS ended the quarter unchanged, at 24 basis points (bps). The rate on a 30-year conventional mortgage ended the quarter at 6.54%, having risen to as high as 6.75% during the period.

Portfolio review

Allocation decisions within agency MBS detracted, while MBS security selection and the off-benchmark exposure to private CMOs contributed. Yield curve positioning detracted slightly from performance as the spread between 2- and 10-year Treasury yields shrank by 21 bps over the quarter – and by 38 bps since the start of the year – to 30 bps. A flatter yield curve typically reduces the income advantage from holding mortgages due to the added early repayment risk. Despite this, MBS delivered a positive return in the second quarter, steadily recovering from the sharp pullback at the start of the U.S.-Iran conflict in March, helped in part by continued buying by government-sponsored enterprises (GSEs). Our active approach focused on carry and risk-adjusted returns contributed positively as the portfolio was repositioned, seeking to gain from higher implied volatility and to continue generating income. Taking advantage of the initial market turmoil as oil prices surged in response to the outbreak of hostilities, we moved into higher coupons to capture the extra carry as rates rose. Within specified agency pools, we rotated out of various 5% holdings – including New York and low-loan-balance stories – into assets offering 5.5% coupons.

Within non-agency mortgages, our closed-end second-lien positions outperformed. These are loans secured against homes that fully amortize but rank behind main mortgages and are only repaid after them. They are held mostly by prime borrowers sitting on about 60-70% of home equity who took out mortgages during the COVID era when rates were

only 2.5% to 3%. We added further to this holding in the quarter. We also increased allocations to residential transition loans and home-equity lines of credit.

More broadly, across the non-agency bucket, we continued to manage risk by adjusting quality and duration within the book while keeping our overall non-agency weighting consistent.

Manager outlook

The market environment shifted in the second quarter. Although energy prices have retreated, removing the main recent driver of inflation, a more hawkish and less predictable Fed combined with demand-driven economic strength caused the market to price in higher interest rates.

We believe MBS are priced close to fair value, and we expect spreads to stay broadly range-bound in the coming months. This means rate direction – a thorny question – likely will set the tone for the sector. Interest rate volatility has eased since spiking in late March – a key reason mortgages outperformed the broader fixed-income asset class in the second quarter, even as a flattening yield curve worked against the market. The technical backdrop is another favorable factor. Estimates of net agency MBS issuance per year have fallen to \$150 to \$175 billion as higher mortgage rates continue to pressure housing activity. However, demand remains strong, underpinned by steady GSE buying and totaling around \$6 billion per month.

Further out, the picture is double-edged. A steeper curve, with long-term rates rising while the front end holds, would be a clear positive for mortgages. But the direction of travel is unclear, and for us the principal risk now runs the other way – a potential re-inversion of the yield curve, with short-term rates rising above long-term rates. We think this risk is greater than the market currently assumes, with the trigger this time being demand-led economic growth rather than the oil supply-driven inflation of recent months. To be clear, our concern is less that the Fed tightens more aggressively and more that the market prices in more tightening than it already has.

We are positioned to manage this risk by keeping duration low and hedging curve exposure. This preserves the flexibility to add risk as the macro picture clarifies, rather than committing ahead of it. Within the non-agency mortgages book, we favor high-quality bonds and short duration. If we choose to add risk, we would rather do so by extending duration while maintaining credit quality, rather than by moving into weaker, lower-rated credits. For MBS portfolios, we believe a disciplined approach is warranted. We maintain a high-quality bias, while actively managing duration and curve risk and preserving the flexibility to add as the macro picture clarifies. Although the near-term rate direction is fuzzy, current levels offer attractive long-term potential, in our view.

Mortgage-Backed Securities ETF (as of 06/30/26)

Performance - USD (%)

Returns	Cumulative			Annualized			
	2Q26	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception (09/13/18)
ETF @ NAV	0.79	1.05	5.53	4.88	0.85	—	2.36
ETF @ Market Price	0.90	1.07	5.58	4.87	0.84	—	2.37
Bloomberg U.S. Mortgage Backed Securities (MBS) Index	0.58	0.99	5.21	4.60	0.50	—	1.75

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.

Returns quoted are past performance and do not guarantee future results; current performance may be lower or higher. Investment returns and principal value will vary; there may be a gain or loss when shares are sold. For the most recent month-end performance call 800.668.0434 or visit janushenderson.com/performance.

Expense Ratios (% as of most recent prospectus)

Gross 0.21, Net 0.21

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
Fannie Mae or Freddie Mac, 2.50%, 07/13/2026	17.18
Ginnie Mae, 2.50%, 07/20/2026	8.95
Fannie Mae or Freddie Mac, 3.00%, 07/13/2026	7.42
Fannie Mae Pool, 4.50%, 09/01/2053	4.68
Fannie Mae or Freddie Mac, 2.00%, 07/13/2026	4.26
Fannie Mae or Freddie Mac, 6.00%, 08/13/2026	2.89
Ginnie Mae, 5.00%, 07/20/2026	2.89
Ginnie Mae, 5.50%, 07/20/2026	2.45
Ginnie Mae, 3.00%, 07/20/2026	2.40
Fannie Mae or Freddie Mac, 6.00%, 07/13/2026	2.12
Total	55.24

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Definitions

Basis point (bp) equals 1/100 of a percentage point. 1 bp = 0.01%, 100 bps = 1%.

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.

Duration measures a bond price's sensitivity to changes in interest rates. The longer a bond's duration, the higher its sensitivity to changes in interest rates and vice versa.

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.

10-Year Treasury Yield is the interest rate on U.S. Treasury bonds that will mature 10 years from the date of purchase.

Monetary tightening refers to central bank activity aimed at curbing inflation and slowing down growth in the economy by raising interest rates and reducing the supply of money.

Carry is the excess income earned from holding a higher-yielding security relative to another.

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 Mortgage-Backed Securities ETF (JMBS) seeks a high level of total return consisting of income and capital appreciation.

The opinions are as of 06/30/26, 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.

The Fund will typically enter into **"to be announced" or "TBA" commitments** when purchasing MBS, which allows the Fund to agree to pay for certain yet-to-be issued securities at a future date and which may have a leveraging effect on the Fund.

The Fund may enter into reverse repurchase agreement transactions and use the cash made available from these transactions to make additional investments in mortgage-related instruments or other fixed-income securities.

Fixed income securities are subject to interest rate, inflation, credit and default risk. The bond market is volatile. As interest rates rise, bond prices usually fall, and vice versa. The return of principal is not guaranteed, and prices may decline if an issuer fails to make timely payments or its credit strength weakens.

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.

Increased portfolio turnover may result in higher expenses and potentially higher net taxable gains or losses.

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

Bloomberg U.S. Mortgage Backed Securities (MBS) Index measures the performance of U.S. fixed-rate agency mortgage backed pass-through securities.

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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