Janus Henderson INVESTORS

STRATEGIC BOND FUND

At a glance

Performance*
The Fund returned −2.11%, the Peer Group returned −1.73%

Contributors/detractors
Duration in the US, Europe and the UK detracted, as did an overweight allocation to high yield and investment grade corporate bonds. Allocations to loans and collateralised loan obligations contributed.

Outlook
Higher yields and wider spreads have improved prospects across fixed income. We remain focused on seeking attractive income, selectively adding risk where valuations appear compelling and fundamentals remain supportive.

Portfolio management


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Investment environment

- Global bond prices fell sharply in September as oil prices rose again and major central banks raised interest rates, pushing government bond yields to multi-year highs.
- The US-Iran conflict remained unresolved, with the seven-month war oscillating between military flare-ups and diplomatic efforts that yielded little tangible progress. Elevated energy prices, particularly diesel and other fuels, reinforced concerns about inflation.
- Economic data was stronger than expected, particularly in the US, where business activity accelerated to its strongest level in more than five years.
- US government bond yields rose further in September (prices fell), with the US 10-year Treasury yield up 54 basis points (bps) to 5.29%, briefly topping 5.3% for the first time since 2002. The US Treasury yield curve flattened and shifted sharply higher, with moves most pronounced in the belly of the curve.
- The Federal Reserve (Fed) raised its benchmark rate by 25 bps to 3.75%-4.00%, marking its first interest rate increase since 2023. Markets priced in at least one additional rate hike by the end of the year. However, cooler-than-expected personal consumption expenditure (PCE) inflation data released at the end of the month eased concerns about the need for an immediate follow-up move.
- German sovereign bonds were also broadly weaker. The German 10-year bund yield rose 26 bps to 3.59%, its highest level in more than 15 years. The European Central Bank (ECB) raised its key policy rates by 25 bps to 2.50% as expected. Policymakers highlighted the risk of rising inflation, particularly from higher energy prices, while also acknowledging risks to economic growth.
- In the UK, the yield on the 10-year gilt rose approximately 36 bps to 5.42%, while the 30-year climbed to 5.95%, approaching 6.0% for the first time since 1998, as fiscal uncertainty ahead of October's Budget added to upward pressure on borrowing costs. The Bank of England (BoE) left its policy rate unchanged at 3.75% as expected.
- Investment grade bond spreads widened only modestly, while high yield bond spreads moved materially wider amid weaker risk sentiment and elevated issuance across credit markets. CCC-rated bonds materially underperformed, amid concerns that higher financing costs may make refinancing difficult for lower-quality issuers.

Marketing communication
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/usage and peer group, 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.

Portfolio review

Yield curve positioning detracted from performance, mainly due to duration positioning in the US and Europe, where yields rose across the curve. The overweight allocation to high yield and investment grade corporate bonds detracted, as spreads widened over the month. The allocations to loans and collateralised loan obligations (CLOs) contributed to performance.

From a positioning perspective, we made a number of incremental adjustments during September. Following the earlier reduction in duration over the quarter, we modestly increased interest rate exposure as higher government bond yields created more attractive entry points. Duration remained below levels seen at the start of the quarter, reflecting our continued preference for credit carry over directional rate exposure.

Within credit, we continued to increase allocations to higher-yielding and floating-rate assets. Exposure to high yield, loans and CLOs was increased, while we also added to asset-backed securities (ABS) holdings. We maintained a broadly stable allocation to investment grade credit, where security selection remains key, while reducing exposure to mortgage-backed securities.

Overall, the portfolio moved further towards higher-conviction credit opportunities, particularly within securitised and floating-rate markets, while retaining a balanced duration profile and diversified sources of income.

Manager outlook

We view the macroeconomic backdrop as the main challenge. Higher energy prices and prolonged geopolitical tensions have pushed inflation higher and increased the risk that interest rates could remain elevated for longer. As a result, we expect volatility in government bond markets to persist.

In the US, the Fed continues to signal further monetary policy tightening this year. Inflation has remained elevated and economic growth resilient, although the disinflation outlook could improve as tariff effects fade and shelter inflation slows. We are also watching for signs that artificial intelligence (AI)-related data centre investment may begin to moderate as permitting constraints, financing costs and supplier weakness become more apparent.

UK economic activity remained resilient but subdued in September, with earlier strength in services and technology-related investment offset by softer business surveys and further signs of labour-market cooling. Inflation pressures remained elevated, particularly from higher energy costs, although easing wage growth and weaker employment pointed to gradually increasing spare capacity. Against this mixed backdrop, the Bank of England kept Bank Rate unchanged at 3.75% in a 6–3 vote, balancing weaker domestic activity against the risk that energy-driven inflation could become embedded in wages and prices. Fiscal uncertainty ahead of the Autumn Budget and higher borrowing costs added to the challenging outlook.

Despite the weakness across fixed income markets, we believe the underlying environment remains broadly supportive. Economic activity has been more resilient than expected and we expect third-quarter corporate earnings to provide further evidence that corporate fundamentals remain intact.

Higher yields and wider spreads have improved prospective returns across fixed income. We remain focused on generating attractive income, selectively adding risk where we think relative valuations look compelling and fundamentals remain supportive. Looking ahead, we believe opportunities are likely to come from income, carry and disciplined security selection. All-in yields remain attractive across selected areas of corporate credit, high-coupon mortgage securities, and floating-rate AAA-rated and AA-rated CLOs. This supports our preference for a diversified income approach that seeks to capture yield while seeking to avoid excessive duration or spread risk.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (25/11/03)
I Acc (Net)	-2.11	-2.88	-1.68	-0.14	4.65	-2.22	1.11	4.11
Peer Group	-1.73	-2.07	-0.35	1.24	6.16	1.28	2.41	3.75

12 month rolling	Sep 2025-Sep 2026	Sep 2024-Sep 2025	Sep 2023-Sep 2024	Sep 2022-Sep 2023	Sep 2021-Sep 2022
I Acc (Net)	-0.14	2.26	12.23	-3.56	-19.13
Peer Group	1.24	5.16	12.38	5.21	-15.34

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. This is a representative share class for the fund, other share classes are available and may be more suitable for your investment needs.

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 return, from a combination of income and capital growth over the long term. Performance target: To outperform the IA Sterling Strategic Bond sector average, after 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	11 October 1986
Total net assets	564.48m
Asset class	Fixed Income
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Peer group	IA Sterling Strategic Bond sector

For benchmark/usage description, refer to Additional fund information on page 4.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records are detailed on the specific KIID, fees and charges may vary and further information can be found in the fund's prospectus and KIID which must be reviewed before investing. Please consult your local sales representative if you have any further queries. Since inception performance relates to the period from Nov 2003. Performance achieved prior to this date is not representative of the fund's current strategy. 100% of the Annual Management Charge is taken from capital. 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.
The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The Fund's ranking within the sector (as calculated by a number of data providers) forms the basis of the Fund's performance target and can be a useful performance comparison against other funds with similar aims.

Investment policy

The Fund invests in a global portfolio of bonds of any quality, including high yield (non-investment grade) bonds, issued by governments or companies. Where investments are made in assets in currencies other than the base currency of the Fund, the Fund will seek to hedge those assets back to the base currency to remove the risk of currency exchange rate movements. The Fund may also hold other assets including bonds of other types from any issuer, preference shares, Collective Investment Schemes (including those managed by Janus Henderson), cash and money market instruments. In certain market conditions, the Fund may invest more than 35% of its assets in government bonds issued by any one body. The Investment Manager may use derivatives (complex financial instruments), including total return swaps, with the aim of making investment gains in line with the Fund's objective, to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the IA Sterling Strategic Bond sector average, which is based on a peer group of broadly similar funds, as this forms the basis of the Fund's performance target. The Investment Manager has complete freedom to choose individual investments for the Fund and to vary allocations between different types of bonds.

Investment strategy

The Fund follows a flexible strategy to construct a diverse portfolio of investments from across the spectrum of fixed income assets. The Investment Manager actively varies the allocation to different types of bonds to suit the prevailing economic environment, based on careful macroeconomic research and credit analysis. At times in the market cycle, the fund will be expected to have higher interest rate sensitivity, which may result in significant underperformance or outperformance, particularly when government bond yields move more quickly or to a greater extent than anticipated. The Investment Manager adopts this approach as it is believed this can be beneficial for long-term performance.

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. When interest rates rise (or fall), the prices of different bonds will be affected differently. In particular, bond prices generally fall when interest rates rise or are expected to rise. This is especially true for bonds with a higher sensitivity to interest rate changes. A material portion of the fund may be invested in such bonds (or bond derivatives), so rising interest rates may have a negative impact on fund returns. 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. CoCos can fall sharply in value if the financial strength of an issuer weakens and a predetermined trigger event causes the bonds to be converted into shares/units of the issuer or to be partly or wholly written off. 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. 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. 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.

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

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INVESTORS

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

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