Janus Henderson INVESTORS

STRATEGIC BOND FUND

At a glance

Performance*
The Fund returned 0.76%, the Peer Group returned 0.61%

Contributors/detractors
Duration positioning in the US, Europe and the UK, and the allocation to investment grade corporate bonds, contributed. Overweight allocations to high yield bonds and synthetic credit indices detracted.

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

Portfolio management


John Lloyd


Jenna Barnard, CFA


Oliver Bardot, CFA


Nicholas Ware

Investment environment

- Global bond prices rose in October as investors sought higher-quality assets amid volatility in equities and lower-quality credit. Government bond yields fell across the US, Germany and the UK, reversing part of September's sharp increase.
- Investors increasingly questioned whether the substantial capital committed to artificial intelligence (AI) infrastructure would generate sufficient returns. Higher financing costs also pressured more leveraged companies dependent on continued access to debt markets to fund investment ahead of future cash flows.
- US government bonds rallied in October. Yields fell across the curve despite continued inflation pressures and rising oil prices, reversing a portion of the prior month's bond sell-off. The 10-year US Treasury yield fell 35 basis points (bps) to 4.94%.
- The Federal Reserve (Fed) left its benchmark policy rate unchanged at 3.75–4.00%, as had widely been expected following September's 25 bps increase. Fed Chair Kevin Warsh pointed to strong economic activity and solid labour market conditions and noted that inflation remained elevated, with the Fed opting for patience to allow for the accumulation of further data ahead of its December meeting, where a hike is widely anticipated.
- Non-farm payrolls increased by 29,000 in September (well below expectations of roughly 90,000), while the unemployment rate edged up to 4.2% from 4.1%. Consumer Price Index (CPI) inflation rose 3.7% year over year in September, up from 3.4% in August, with higher gas prices accounting for more than half of the monthly increase.
- German sovereign bonds also rose, with the 10-year bund yield falling 26 bps to 3.32%. French government bonds bucked the broader rally, however. Fiscal and political uncertainty pushed yields higher and widened the spread over German bunds to levels not seen since the early 2010s.
- In the UK, the 10-year gilt yield fell 14 bps to 5.28%. The publication of the Autumn Budget late in the month broadly met expectations, with its relatively neutral policy package leading to a muted market reaction.
- Corporate credit spreads widened as investors became more selective amid concerns about AI-related financing. High yield bonds underperformed investment grade bonds as spreads widened more materially across the sector. Securitised credit spreads also widened over the month, causing all subsectors to generate negative excess returns.

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 contributed to performance, primarily due to the overweight duration positions in Europe, the UK and the US, where yields fell across the curve.

Overweight allocations to high yield corporate bonds, CDX HY and iTraxx Crossover detracted, as spreads of lower-quality credit widened over the month. Allocations to mortgage-backed securities (MBS) and investment grade bonds contributed to performance.

Positioning changes during October were modest. With government bond yields backing up early in the month, we added a small amount of duration, reducing shorter-dated holdings in favour of the intermediate part of the curve.

We increased the fund's overall exposure to corporate credit, tilting towards higher-yielding assets while keeping the overall risk profile broadly balanced. We added selectively to business development companies (BDCs), where we saw attractive relative value, and took advantage of new issue opportunities across a range of sectors. We also added to high yield bonds and securitised credit, particularly collateralised loan obligations (CLOs) and asset-backed securities (ABS), where we continue to see scope for attractive risk-adjusted returns. These purchases were funded mainly by reducing our allocation to mortgage-backed securities, while the investment grade bond allocation was broadly unchanged.

Overall, the fund remains positioned to capture carry (income) while retaining the flexibility to respond should market conditions change.

Manager outlook

We view the macroeconomic backdrop as the principal challenge. Higher energy prices and prolonged geopolitical tensions have increased inflationary pressure and the risk that interest rates remain elevated for longer. We therefore expect volatility in government bond markets to persist.

In the US, the Federal Reserve (Fed) continues to signal the possibility of further monetary policy tightening. Inflation remains elevated and economic activity has proved resilient, although the disinflation outlook could improve if tariff effects fade and shelter inflation moderates. We are also monitoring whether investment in AI-related data centres begins to slow as permitting constraints, higher financing costs and weakness among suppliers become more apparent.

Despite recent volatility across fixed-income markets, the underlying environment remains broadly supportive in our view. Economic activity has been more resilient than expected, while third-quarter corporate earnings could provide further evidence that corporate balance sheets and cash flows remain sound. Nevertheless, we think higher financing costs are likely to produce greater dispersion, particularly among lower-quality issuers and businesses dependent on repeated access to capital markets.

The combination of higher government bond yields and wider credit spreads has improved prospective returns for fixed income. We remain focused on generating income and may add risk selectively where we feel valuations provide sufficient compensation and fundamentals remain supportive.

Looking ahead, we expect returns to be driven primarily by income, carry and disciplined security selection. We continue to see attractive all-in yields in selected corporate bonds, high-coupon mortgage securities and floating-rate AAA-rated and AA-rated collateralised loan obligations (CLOs). This supports a diversified income approach designed to capture attractive yields while avoiding excessive duration, spread and refinancing 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)	0.76	-0.96	-0.94	-0.11	5.33	-1.89	1.33	4.13
Peer Group	0.61	-0.76	0.26	0.81	6.55	1.47	2.58	3.77

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 31/10/26. © 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	550.96m
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. 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. High yielding (non-investment grade) bonds are more speculative and more sensitive to adverse changes in market conditions. 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. Mortgage-backed securities (MBS), non-agency mortgage-related securities, credit risk transfer securities, and TBA commitments involve specific risks. These include borrowers failing to make payments (credit risk), changes in interest rates affecting repayment timing, and market conditions that may make selling these investments harder. Investments in Collateralised Loan Obligations (CLOs), are investments backed by pools of company loans, which may be affected if borrowers fail to repay their loans, interest rates change, or market conditions worsen. CLOs can be difficult to sell during periods of market stress, which may reduce income and increase losses. Credit ratings are opinions only and do not guarantee performance or protect against loss. Even highly rated CLOs can fall in value. Returns also depend on the decisions of the CLO manager. CLOs have their own operating costs, which are borne indirectly by investors in addition to the Fund's fees. 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. The sustainability approach applied may exclude potential investments which do not meet certain criteria (e.g. non-financial criteria such as ESG screens). This may cause differences in performance compared to similar products that are permitted to invest in those investments.

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

Janus Henderson
INVESTORS

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

Please read all scheme documents before investing. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. Marketing Communication. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances

or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the prospectus, and where relevant, the key investor information document before investing. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes. Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK Limited (reg. no. 2678531), Tabula Investment Management Limited (reg. no. 11286661), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Janus Henderson Investors Europe S.A. (reg no. B22848 at 78, Avenue de la Liberté, L-1930 Luxembourg, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier). Janus Henderson® and any other trademarks used herein are trademarks of Janus Henderson Group Ltd. or one of its subsidiaries. © Janus Henderson Group Ltd.