

Q3 2026

ETF PULSE

Markets don't stand still — and neither should your ETF strategy.

The Janus Henderson ETF Team highlights timely ideas to help you navigate a market marked by new highs, persistent macro risks, and growing demand for active ETFs. Inside, you'll find actionable themes, supported by data and backed by strategies designed to help you remain flexible and diversified.



WELCOME TO ETF PULSE

Despite geopolitical tensions, sticky inflation, and a higher-for-longer rate backdrop, at the start of the third quarter markets have retained their poise – equities rebounding and broadening beyond mega-cap leadership even as credit fundamentals hold firm. This quarter's ETF Pulse highlights the themes where we believe selectivity and active positioning matter most as investors navigate rotation and the prospect of ongoing volatility.

Why selectivity matters more than ever:

Higher starting yields and wider sector dispersion rewarded active fixed income, selective credit, and securitized sectors offering attractive relative value.

The power of balance in small caps:

As leadership broadens beyond mega-cap growth into small and mid caps, dispersion rewards a focus on profitability and quality earnings.

Understanding derivative income:

Stability notes generate income from banks' need to manage downside gap risk, monetizing equity volatility rather than market direction or traditional credit risk.

Market snapshot

- > The U.S. economy remains resilient, with recession risk still low despite a gradual cooling in labor market conditions.
- > Hiring has slowed, as evidenced by downward revisions to recent payroll reports and a softer June employment reading, but the environment remains one of low firing and low hiring rather than broad-based weakness.
- > At the same time, improving ISM Services activity, stable jobless claims, and supportive credit conditions continue to point toward economic expansion.

U.S. macro landscape*

While we track dozens of economic indicators, below is a subset of 10 key indicators we monitor closely. They currently suggest a mixed U.S. economic outlook.

Economic Indicator	Status	Shift
Fed credit card delinquency rates (quarterly)	●	
Housing completions (monthly)	●	
Yield curve (10y3m) (daily)	●	
U.S. lending standards to large-medium firms (quarterly)	●	
ISM Services PMI (val) (monthly)	●	↑
Initial claims (4w avg) (weekly)	●	
Nonfarm payroll (monthly)	●	↓
Sahm Rule (%) (monthly)	●	
NFIB Hiring Plans Index (val) (monthly)	●	
Conference Board Consumer Confidence: jobs hard to get (monthly)	●	

● Outside of range of recession threshold

↑ Shifted outside of recession range in most recent period

● Within recession range threshold

↓ Shifted within recession range in most recent period

Source: Bloomberg as of July 3, 2026

*Importantly, while 40% of these indicators are within our recession range threshold, this does not mean we assign a 40% probability to there being a recession, which can be influenced by a number of other considerations not captured here.

Fixed Income: Why selectivity matters more than ever

The second quarter reinforced a “higher-for-longer” rate environment. Geopolitical tensions, particularly in the Middle East, pushed oil prices sharply higher early in the quarter and raised concerns about renewed inflationary pressures, though those fears eased as energy prices retreated by the end of June. At the same time, the U.S. economy remained resilient, supported by a stable labor market, solid consumer spending, and continued business investment. This has created a challenging backdrop for the Federal Reserve (Fed). With inflation still above target and growth holding up, the Fed has maintained a hawkish stance, and markets have shifted toward the possibility of additional rate hikes rather than cuts. Treasury yields remained elevated, with the 10-year holding in the mid-4% range, reflecting persistent inflation concerns, resilient growth, and higher term premiums amid fiscal deficits and geopolitical uncertainty. This has also contributed to increased bond market volatility.

Meanwhile, credit markets have remained healthy, reflecting strong fundamentals and robust demand for income. In this environment, we see a compelling opportunity for active fixed income. Higher starting yields offer attractive income potential, while increased dispersion across sectors creates opportunities for active managers to add value through security selection and sector allocation. With corporate credit spreads near historically tight levels, being selective on credit risk is increasingly important, particularly as securitized sectors continue to offer more attractive spreads and relative value opportunities. Rather than relying solely on duration, investors can build diversified portfolios that seek to balance income with interest rate and credit risk.

Fixed Income Relative Value Monitor

	Fixed Income (USD)	Index	Duration	Yield to worst	Price	Spread							Total returns		
						Current	%Tile	MTD Δ	YTD Δ	Avg	MIN	MAX	MTD	YTD	1yr
Corporates	Investment grade	Investment grade	6.72	5.20	94.05	74	3%	2	-3	111	72	272	0.19	0.86	4.34
		AAA	10.46	5.05	80.62	38	19%	6	4	56	28	122	-0.09	0.04	2.77
		AA	7.83	5.04	91.68	52	29%	5	4	62	41	163	-0.02	0.28	3.06
		A	6.68	5.07	94.05	62	3%	2	-2	89	60	211	0.22	0.72	4.21
		BBB	6.44	5.36	94.87	92	2%	2	-6	138	89	353	0.20	1.12	4.73
		0-3yr	1.33	4.56	99.65	44	11%	-3	-9	61	34	263	0.19	1.37	3.96
		Industrials	7.34	5.23	92.70	73	3%	4	-3	111	69	276	0.11	0.87	4.18
	Financials	5.21	5.10	96.92	75	4%	-1	-3	109	71	268	0.26	0.75	4.39	
	High yield	High yield	2.85	7.16	97.11	270	8%	12	3	377	257	880	0.27	1.96	5.91
		BB	3.09	6.03	98.75	155	1%	3	-9	246	152	654	0.31	1.98	5.90
		B	2.55	7.25	99.11	277	11%	3	9	381	250	856	0.27	2.18	6.15
		CCC & below	2.45	13.21	83.25	890	64%	55	161	856	491	1,852	0.04	1.11	5.07
		BB/B	2.89	6.50	98.89	202	3%	5	-1	304	195	735	0.29	2.05	5.99
	Bank loans	Bank Loans	<0.25	8.93	94.05	500	63%	13	45	500	381	974	0.13	1.36	4.29
		BB	<0.25	6.59	99.37	266	20%	10	19	310	247	661	0.27	2.29	5.63
		B	<0.25	8.63	96.04	469	54%	20	59	498	402	1,047	0.00	1.46	4.60
		CCC & below	<0.25	21.04	68.14	1,708	97%	3	237	1,291	859	2,220	0.40	-3.05	-4.08
		BB/B	<0.25	8.24	96.54	431	72%	15	61	413	309	791	-0.01	1.29	3.36
Securitized	CLOs	CLOs	<0.25	5.51	99.56	178	7%	0	-4	220	157	405	0.37	2.43	5.40
		AAA	<0.25	5.00	100.08	126	5%	0	-4	155	110	302	0.38	2.39	5.13
		AA	<0.25	5.39	100.15	165	5%	-1	-7	211	157	388	0.43	2.60	5.60
		A	<0.25	5.70	100.11	197	2%	-2	-9	270	190	514	0.50	2.74	5.83
		BBB	<0.25	7.06	99.30	332	14%	2	3	405	283	796	0.39	2.70	6.57
		BB	<0.25	11.54	91.88	781	69%	19	62	783	496	1,567	-0.18	1.80	6.39
	Agency MBS	Agency MBS	5.34	4.97	91.37	24	21%	2	3	37	7	75	0.22	0.99	5.21
	ABS	ABS	2.12	5.02	99.52	88	47%	-1	-8	97	56	343	0.24	1.42	4.04
		AAA	1.65	4.61	99.86	50	45%	-1	-11	59	29	259	0.19	1.36	3.94
		AA-BBB	3.05	5.82	98.78	162	24%	-3	-10	199	128	599	0.34	1.55	4.25
	CMBS	CMBS	3.44	5.24	96.29	104	40%	1	-11	135	77	263	0.14	0.96	3.98
		AAA	3.37	4.93	97.27	74	40%	3	-7	92	53	197	0.12	0.93	3.95
AA-BBB		3.55	5.72	94.74	152	0%	-2	-19	290	152	702	0.17	1.00	4.01	
EM	Sovereigns	Emerging markets	6.33	6.92	95.59	235	0%	-2	-18	367	235	626	0.72	3.32	11.78
		Investment grade	7.19	5.56	97.38	91	2%	0	-1	159	91	329	0.45	1.18	6.45
		High yield	5.56	8.40	93.76	391	1%	-5	-48	620	389	1,077	0.97	5.38	17.21

Source: Janus Henderson Investors, Bloomberg, JP Morgan and Bank of America as of June 30, 2026. See appendix for additional disclosure.
Past performance is no guarantee of future results.

QUARTERLY INVESTMENT THEMES

Theme 1 | Fixed Income: High-quality income with resilience

The case for securitized credit

With policy uncertainty, elevated yields, and a less predictable rate path, income generation is again a key driver of fixed income outcomes. Securitized credit complements traditional bond allocations through diversified cash flows backed by consumers, homeowners, commercial real estate, and corporate borrowers, offering multiple return sources beyond duration and corporate earnings.

While many investors hold agency MBS, the largest securitized component of traditional bond benchmarks and a significant allocation within many Core, Core Plus, and Multi-Sector strategies, exposure to ABS, non-agency RMBS, CMBS, and CLOs is often limited. These sectors can offer attractive relative value versus similarly rated corporates, lower duration, and structural protections.

In our opinion, the debate has shifted from whether securitized credit belongs in a portfolio to how much exposure is appropriate.

Insight



Policy uncertainty is limiting the value of duration-driven strategies

Even after multiple rate cuts, inflation remains above target and global policy paths continue to diverge. In this environment, relying primarily on duration to drive fixed income returns may prove increasingly difficult.

Implication



Investors may benefit from emphasizing sectors where income and carry can contribute a larger share of total return, reducing dependence on accurately forecasting the path of rates.

Insight



Yield curve normalization shifts opportunity toward the front end

The front end of the fixed income market continues to offer attractive yields while avoiding much of the duration sensitivity associated with longer-maturity assets.

Implication



With front-end yields remaining attractive while longer-duration assets continue to face term premium and policy uncertainty, investors may be able to generate compelling levels of income without extending significantly out the curve. Securitized credit offers a range of shorter-duration opportunities where income, rather than duration, can serve as a primary return driver.

Insight



Diversification within fixed income matters more than ever

Many fixed income portfolios remain concentrated in government bonds, corporates, and Agency MBS despite an increasingly diverse opportunity set across fixed income markets.

Implication



As credit spreads remain compressed across many areas of fixed income, security selection and underlying collateral quality become increasingly important. Investors may benefit from diversified sources of contractual cash flow that have historically been less dependent on spread compression and more reliant on the consistent generation of income.

Theme 1 | Fixed Income: High-quality income with resilience (continued)

The case for securitized credit

PUT THE THEME TO WORK

JSI: Securitized Income ETF

JSI is purpose-built to access the broader securitized universe. It actively allocates across ABS, non-agency RMBS, CMBS, CLOs, and Agency MBS, seeking the strongest risk-adjusted opportunities. Designed to complement Core, Core Plus, and Multi-Sector strategies, JSI helps diversify income beyond corporate credit and add a differentiated return driver.

Enhancing fixed income portfolio construction

Adding diversified securitized exposure may help enhance the balance of income, risk and return

01

Adds exposure with different underlying risk drivers than corporate credit, as securitized assets are generally tied to collateral cash flows and structural features rather than corporate earnings cycles.

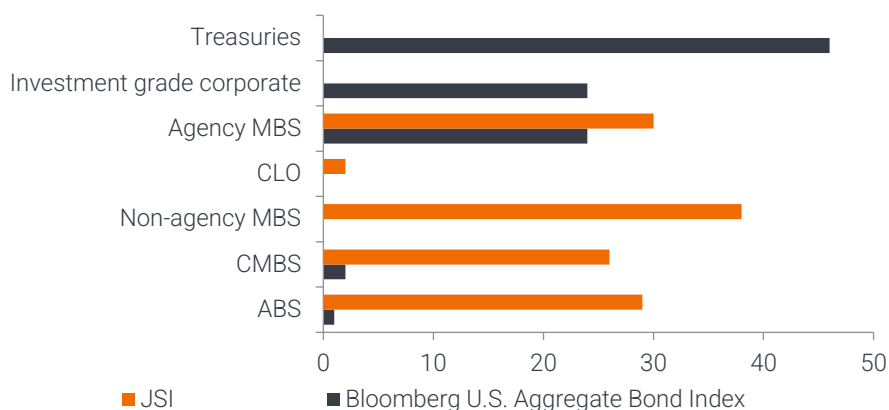
02

May play a larger role than a traditional satellite allocation, as historical analysis suggests that dedicated JSI exposure enhanced portfolio return potential while reducing overall volatility.

03

Complements both core bonds and higher-yielding multi-sector strategies, adding a dedicated securitized sleeve that can broaden fixed income diversification.

The Bloomberg U.S. Aggregate Bond Index (the Agg) has roughly 25% in Agency MBS and less than 3% in other securitized assets. That 3% represents about \$6.0 T in missed opportunities.



Janus Henderson Securitized Income ETF
– JSI aims to deliver high income with less volatility and drawdown risk by dynamically investing across the full U.S. securitized investment opportunity set.

The **Agg** employs strict inclusion criteria, excluding floating rate securities and those not covered by major ratings agencies, thus capturing only a small portion of the broader securitized market beyond Agency MBS.

Source: Janus Henderson Investors as of June 30, 2026.



Bottom line

As advisors reassess fixed income allocations, JSI can help broaden the opportunity set beyond traditional core bonds and multi-sector credit. The sector comparison above makes the gap clear: the Agg holds roughly 70% in Treasuries and investment grade corporates and under 3% outside Agency MBS, while JSI spreads exposure across ABS, CMBS, non-agency MBS and CLOs – income and diversification drivers a core allocation alone is unlikely to capture.

Equities: From rebound to rotation. What's next?

U.S. equity markets staged a sharp rebound in the second quarter, as investors looked past geopolitical uncertainty, volatile oil prices, and a more hawkish shift in Fed expectations. The S&P 500® gained 14.9% in 2Q (+9.1% YTD), while the Russell 2000 Index jumped 21.2% (+20.1% YTD), a clear sign of improving risk appetite and a rally broadening beyond mega-cap growth. Strong earnings, robust AI-related capital spending, and a more durable U.S. economy pushed major indices near record highs.

Technology led the quarter, up 31.6%, while Energy declined 14% as U.S.–Iran de-escalation weighed on oil prices. AI remained the dominant theme, but leadership widened to semiconductors, power, industrials, utilities, and infrastructure-linked names. International markets also advanced: developed international equities rose 9.8% in 2Q (+6.6% YTD), while emerging markets gained 23.3% (+20.5% YTD), led by AI-linked strength in Korea and Taiwan.

The macro backdrop remains pivotal into the second half of the year. Easing oil prices and steadier rates offer some relief, but sticky inflation and firmer labor data have pushed Fed expectations toward a higher-for-longer path. In this environment, we favor companies with visible earnings growth, AI infrastructure beneficiaries, international exposure, and — importantly — opportunities further down the cap spectrum.

That last point deserves particular attention. After more than a decade of large-cap dominance, the setup for small and mid caps looks as constructive as it has been in years, with fundamentals increasingly catching up to price action. We explore that opportunity in the pages ahead.

The rally broadens beyond large-cap growth

Year-to-date performance (as of 6/30/26)



Source: Bloomberg, Janus Henderson Investors as of June 30, 2026. **Past performance is no guarantee of future results.**

Theme 2 | Equities: The power of balance in small caps

Blending small-cap value and quality growth may lead to more consistent outcomes

Insight



Avoid single-style risk

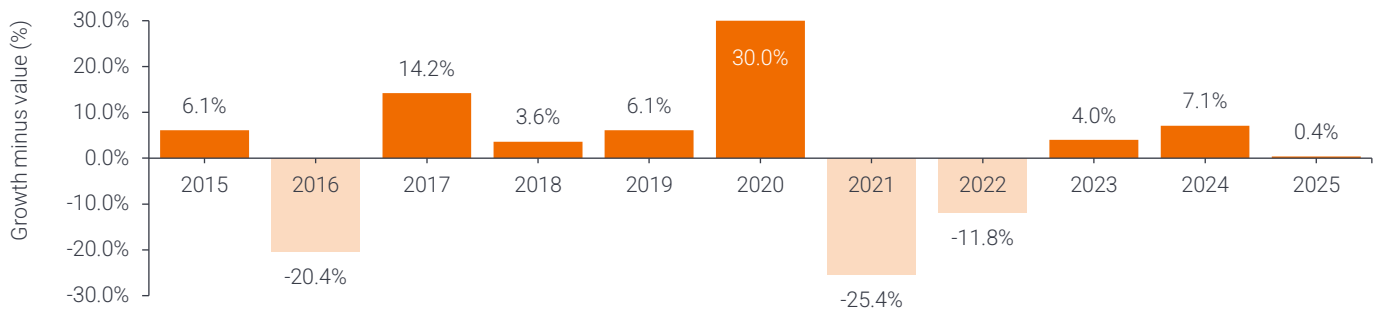
Investor interest in factor-driven small-cap value has increased, but concentrating in a single style can introduce style and timing risk.

Implication



Investors may not need to choose between value and growth. A blended approach can provide exposure to both cyclical value opportunities and longer-term growth drivers, potentially helping portfolios navigate different market environments more effectively.

Small-cap growth vs. value: Calendar-year return differential



Source: Morningstar as of April 30, 2026

Insight



The definition of growth has changed over time

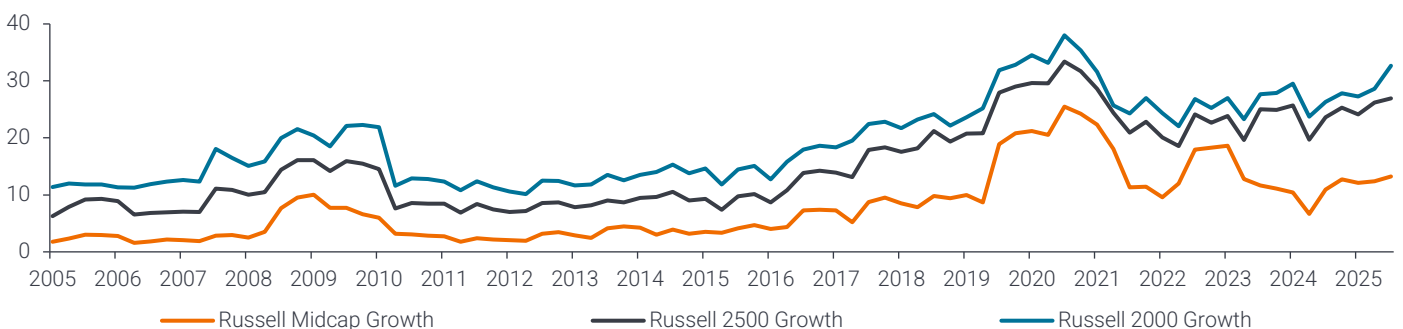
Small- and mid-cap growth indices contain a larger share of unprofitable companies today than they did historically. As investors gain passive exposure to the asset class, they may also be increasing exposure to businesses that have yet to demonstrate sustainable profitability.

Implication



Investors may want to look beyond growth alone and consider the quality of that growth. Strategies that emphasize profitability and cash generation can help maintain exposure to innovative, growing companies while seeking to avoid businesses that remain dependent on external financing.

Unprofitable companies in the Russell 2500 Growth Index



Source: Factset. Date Range: December 2025 – June 2026 (inclusive). Rebalance Frequency: Quarterly.

Theme 2 | Equities: Small caps: The power of balance (continued)

Blending small cap value and quality growth may lead to more consistent outcomes

PUT THE THEME TO WORK

- JSML: Small Cap Growth Alpha ETF
- JSMD: Small/Mid Cap Growth Alpha ETF

While growth investing is frequently viewed through the lens of high valuations, quality growth strategies can emphasize both fundamental strength and valuation discipline. Historically, JSML and JSMD have combined stronger growth characteristics with more attractive valuations than passive growth benchmarks.

01

JSML and JSMD seek to capture alpha through a blend of quantitative and fundamental insights, selecting small- and SMID-cap companies with attractive characteristics across valuation, quality, capital efficiency, and business momentum.

02

A proprietary multi-factor framework is designed to identify companies with strong growth potential while avoiding style drift, helping investors access growth opportunities through a transparent, repeatable, and risk-aware process.

03

Portfolio optimization and explicit risk management seek to maximize alpha while maintaining targeted tracking error, benchmark awareness, and diversified exposures across 80–120 holdings.

JSML and JSMD seek to offer quality growth with valuation discipline

	JSML	JSMD	Russell 2000 Index	Russell 2000 Growth Index	Russell 2000 Value Index
Price-to-earnings ratio ▶	19.45	18.69	16.93	21.27	14.02
Price-to-sales ratio ▶	1.14	1.26	1.32	1.55	1.14
Long-term earnings growth (%) ▶	17.03	16.63	14.00	15.71	11.76
Historical earnings growth (%) ▶	21.41	20.06	-0.68	8.55	-4.51
Sales growth (%) ▶	10.13	10.84	2.23	6.53	-1.10
Cash flow growth (%) ▶	4.95	14.22	1.12	8.89	-2.67

Source: Morningstar, as of April 30, 2026



Bottom line

For investors, the opportunity may lie in identifying companies that can deliver durable growth without paying excessive valuations, supporting a more disciplined approach to growth investing.

EDUCATIONAL CORNER: STABILITY NOTES

Beyond traditional equity and fixed income allocations, advisors are increasingly exploring alternative income sources. One area gaining attention is stability notes, a differentiated income mechanism used within Janus Henderson's Structured Income ETFs.

What is a stability note?

A stability note is designed to generate income by allowing a bank to manage gap risk from an extreme single-day market decline. Unlike many structured notes that are driven by cumulative market performance, a stability note's payoff is primarily linked to whether a reference asset experiences a very large one-day drawdown beyond a predefined barrier.

Within the Janus Henderson Structured Income ETF framework, stability notes are used alongside autocallable notes to create diversified income streams from equity volatility rather than from traditional credit risk.

How does a stability note work?

At a high level:

1. An investor purchases a note linked to an equity index or individual stock
2. The investor receives a predefined coupon
3. Principal remains intact unless the underlying asset experiences a severe one-day market decline that breaches a downside barrier
4. At maturity:
 - If the barrier is not breached, the note is redeemed at par
 - If the barrier is breached, principal losses may occur based on the structure's terms, which could include potential leveraged downside

A key distinction is that the note's risk is tied to a single-day move, rather than a cumulative decline over the life of the note. This creates a very different risk profile than traditional autocallables

Stability redemption profile at maturity



- > Daily observations for coupon payment, not cumulative
- > Coupon accrues each day barrier is not hit
- > Gap risk insurance for banks: barriers set typically far below spot for a 1-day move
- > Typically stable pricing (rarely moves from par)

EDUCATIONAL CORNER: STABILITY NOTES (continued)

Why do banks issue stability notes?

Banks face risk from sudden overnight market moves that are difficult to hedge. By issuing stability notes, banks can transfer some of that crash risk to investors in exchange for paying attractive coupons, essentially a form of "gap risk insurance" for banks. This dynamic can create opportunities when supply and demand become imbalanced.

Stability notes vs. autocallables

Feature	Stability note	Autocallable
Primary risk driver	Extreme single-day decline	Cumulative market path
Coupon structure	Coupon paid while barrier not breached	Conditional coupons on observation dates
Key outcome focus	Gap risk management for a bank	Income plus potential early redemption
Underlying monitoring	Daily barrier observation	Scheduled observation dates
Typical pricing behavior	Generally, remains near par unless crash risk changes materially	More sensitive to the path of market returns over time

Why use stability notes in a portfolio?

- > Potential income generation through harvesting equity volatility premia
- > Diversification of payout profiles relative to autocallables
- > Potential downside mitigation because losses are tied to extreme daily moves rather than cumulative performance paths

Within JELH and JELM, stability notes are combined with autocallables across multiple underlyings, maturities, and counterparties to create diversified income streams

Key risks

A stability note is not risk-free. Investors should understand:

- Exposure to severe market crashes
- Potential principal loss if a downside barrier is breached
- Exposure to counterparty/issuer risk through the note structure
- Mark-to-market movement when volatility or crash-risk pricing changes



Bottom line

Stability notes monetize bank demand for hedging gap risk, creating income from equity volatility rather than market direction. Paired with autocallables, they offer a differentiated source of income beyond traditional bond yields and credit risk.

For a complete list of Janus Henderson's ETFs please visit janushenderson.com/ETFs

Our strategists

With a deep understanding of exchange-traded funds, our ETF Client Product Specialists can provide strategic guidance on implementation and portfolio construction.



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How we can support you

- 1. Comprehensive education on our strategies**
Gain a clear understanding of each strategy, its objectives, risk/return profile, and current positioning in today's market environment.
- 2. Insights into the ETF ecosystem**
Learn the mechanics behind ETF creation and redemption, tax considerations, liquidity characteristics, and how these factors impact portfolio construction.
- 3. Proactive outreach**
Benefit from the most requested updates by strategy and actionable market insights to strengthen your client conversations.

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Carry is the excess income earned from holding a higher yielding security relative to another. **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. **Dispersion** refers to the extent of variation in potential investment returns, indicating the risk and uncertainty associated with a security or portfolio. **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.

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. **Term premium** is the extra compensation investors demand for holding long-term bonds instead of investing in a series of short-term bonds; it represents the risk premium required to lock up money for an extended period.

Volatility measures risk using the dispersion of returns for a given investment.

10-Year Treasury Yield is the interest rate on U.S. Treasury bonds that will mature 10 years from the date of purchase. **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. **Yield to worst (YTW)** is the lowest yield a bond can achieve provided the issuer does not default and accounts for any applicable call feature (ie, the issuer can call the bond back at a date specified in advance). At a portfolio level, this statistic represents the weighted average YTW for all the underlying issues. **Actively managed portfolios** may fail to produce the intended results. No investment strategy can ensure a profit or eliminate the risk of loss.

Alternative investments include, but are not limited to, commodities, real estate, currencies, hedging strategies, futures, structured products, and other securities intended to be less correlated to the market. They are typically subject to increased risk and are not suitable for all investors. **Autocallable instruments** limit upside because payouts may cease once an autocall occurs, resulting in missed future income opportunities and reinvestment at potentially less favorable levels. Barrier events can suspend income or reduce principal if predefined levels are breached. Depending on the terms, investors may receive no further coupons and may experience partial or total loss of principal following adverse market movements.

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. **Diversification** neither assures a profit nor eliminates the risk of experiencing investment losses. **Equity-linked notes (ELNs)** are structured obligations whose value is derived from an equity or equity index. ELNs may be difficult to value or sell, may lack active secondary markets, and may not fully participate in equity market gains. Because ELNs are unsecured obligations of issuing banks or broker-dealers, investors are exposed to issuer credit risk and may experience losses if the issuer becomes unable or unwilling to meet its obligations. Many ELNs contain call features that can terminate future coupon payments and require reinvestment at less favorable terms. **Equity securities** are subject to risks including market risk. Returns will fluctuate in response to issuer, political and economic developments. **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. **Foreign securities** are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in emerging markets. **Forward Foreign Currency Contracts Risk.** Forward foreign currency transactions are subject to significant volatility and market fluctuations that could result in substantial losses. These transactions, used for hedging and speculative purposes, also expose the Fund(s) to interest rate risks. **Funds classified as "nondiversified"** can take larger positions in a smaller number of issuers than "diversified" funds, which could lead to greater volatility. **Options** may be difficult to trade under certain market conditions, and imperfect correlation between an option and its underlying securities can reduce the effectiveness of an options strategy. **Reference assets**, such as equity indices, single securities, or multi-asset baskets, can be highly volatile and may not behave as expected. Adverse movements may reduce or eliminate potential income and can result in significant losses. Performance may diverge from broad market behavior due to index construction, volatility controls, concentration, or methodology changes. **Securitized products, such as mortgage- and asset-backed securities**, are more sensitive to interest rate changes, have extension and prepayment risk, and are subject to more credit, valuation and liquidity risk than other fixed-income securities. **Stability instruments** rely on formulas that adjust payouts when daily market movements breach defined stability levels, which can lead to reduced income or early redemption at values below the amount invested. These instruments do not guarantee principal and may expose investors to amplified losses if leveraged components are triggered. Payoff structures may limit participation in market gains while increasing sensitivity to significant drawdowns. **Swap agreements** are derivative contracts that provide synthetic exposure to a reference asset or index and may introduce counterparty default risk, valuation uncertainty, and leverage effects. Returns may differ from the reference exposure due to fees, collateral requirements, or imperfect correlation. Swap exposures may be less liquid or more volatile during periods of market stress. 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. **Increased portfolio turnover** may result in higher expenses and potentially higher net taxable gains or losses.

Source: Janus Henderson Investors, Bloomberg, JP Morgan and Bank of America as of June 30 2026. Spread data (percentile ranking, avg, min and max) spans of the past 10 years and is based on month-end data. "Investment Grade" represents the Bloomberg US Corporate Bond Index, "High Yield" represents the Bloomberg US High Yield Index, "Bank Loans" represents the JP Morgan Leveraged Loan Index, "CLOs" represents the JPM CLOIE Index, "MBS" represents the Bloomberg MBS Index, "ABS" represents the ICE BofA US Fixed Rate Asset Backed Securities Index, "CMBS" represents the ICE BofA CMBS Fixed Rate Index and "Sovereigns" represents the EMBI Global Diversified Index. Floating rate assets, Bank Loans and CLOs, spreads are over 3M SOFR while traditional fixed income spreads are over US Treasuries. There is no guarantee that past trends will continue, or forecasts will be realized. It is not possible to invest directly into an Index. Investors must not make investment decisions solely on the information above as it does not take into consideration all of the risks and market dynamics impacting each asset class such as issuer fundamentals, new issuance, pricing, liquidity, credit risk, etc. CLO spreads (Discount Margin) experienced a one day spread widening of 26bps on June 28th 2023 when J.P. Morgan Transitioned the reference rate from LIBOR to SOFR. We retroactively added 26bps to the historical spreads prior to this date. CLO spreads shifted from Discount Margin-to-Worst to Discount Margin-to-Maturity on 1/31/2024. This transition was prompted by the average price of AAA CLOs exceeding par. Consequently, the index started to price CLOs based on their next call date, with an expectation of them being called, resulting in spreads being understated.

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