Janus Henderson INVESTORS

FIXED INTEREST MONTHLY INCOME FUND

At a glance

Performance*
The Fund returned −2.56%, the Peer Group returned −2.07%

Contributors/detractors
Duration positioning in the US detracted, as did overweight allocations to high yield and investment grade corporate bonds. Allocations to loans, collateralised loan obligations and securitised credit contributed.

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

Portfolio management


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Investment environment

- The defining feature of the third quarter was the sharp rise in global government bond yields. Renewed geopolitical tensions in the Middle East pushed oil prices above US$100 per barrel, reigniting inflation concerns and leading investors to price in a more prolonged period of restrictive monetary policy. The US-Iran conflict remained unresolved, with the seven-month war oscillating between military flare-ups and diplomacy efforts that yielded little tangible progress. In September, continued tensions in the Middle East pushed oil prices above $100 per barrel.
- The US economy remained the standout performer among developed markets. Growth proved resilient, supported by continued consumer spending, robust labour markets and ongoing AI-related capital expenditure (capex). Against this backdrop, inflation remained above target and the Federal Reserve (Fed) maintained a hawkish stance throughout the quarter. While policymakers left rates unchanged over the summer, stronger economic data and persistent inflation pressures culminated in a 25-basis point (bps) rate increase in September. Markets increasingly priced a higher-for-longer interest rate policy environment, contributing to the sharp rise in Treasury yields and broader weakness across global government bond markets.
- European government bonds also weakened as inflation concerns and stronger-than-expected economic data prompted investors to reassess the path of interest rates. The 10-year German bund yield rose 73 bps to 3.59%, its highest level in more than 15 years. The European Central Bank (ECB) raised rates by 25 bps in September and maintained a cautious stance, balancing persistent inflation pressures against a gradually improving growth outlook. Economic activity across the eurozone continued to strengthen, with both GDP growth and business surveys surprising positively.
- In the UK, government bond yields rose sharply amid a combination of higher global rates and domestic fiscal uncertainty. The 10-year gilt yield increased 67 bps to 5.42%, while the 30-year yield approached 6%, a level not seen since the late 1990s. The Bank of England (BoE) left rates unchanged, but maintained a restrictive policy stance given ongoing concerns about inflation.
- Corporate credit markets experienced a more challenging environment as the quarter progressed. Investment grade and high yield bond spreads widened, although most of the weakness was concentrated in September as higher government

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.

bond yields, increased issuance and weaker risk sentiment weighed. Earlier in the quarter, strong corporate earnings, resilient economic growth and continued enthusiasm surrounding artificial intelligence (AI)-related investment supported credit markets. Higher-quality investment grade bonds proved relatively resilient, while lower-rated high yield issuers, particularly CCC-rated securities, lagged amid concerns that elevated financing costs could make future refinancing more challenging.

Portfolio review

Yield curve positioning detracted from performance, primarily due to duration positioning in the US, Europe and the UK, where yields rose across the curve. The overweight allocation to high yield and investment grade corporate bonds detracted as spreads widened over the quarter. Some of the fund's technology issuers detracted from performance. This included CoreWeave, as negative sentiment towards AI-related credit and issuance pressure, along with anti-data centre political rhetoric, weighed on the bonds. Conversely, the allocations to loans, collateralised loan obligations (CLOs) and securitised credit contributed to performance.

In credit, weakness in underlying government bond markets dragged down returns, along with spread widening, which was more pronounced in high yield corporate bonds. European investment grade bond spreads widened by 11 bps and returned -2.6%, while US investment grade spreads widened 8 bps and returned -3.8%. European high yield bond spreads widened 30 bps and returned -1.8%, while US high yield bond spreads widened 37 bps and returned -1.8%. Credit fundamentals remained broadly benign, with default rates consistent with a cycle that is slowing gradually rather than deteriorating sharply.

In terms of activity, our focus has been on building a diversified and resilient income portfolio. We actively used both primary issuance and secondary market opportunities to switch positions within corporate credit, seeking to optimise risk-adjusted returns while maintaining a strong income profile. While credit spreads have widened since the start of the quarter, the level of all-in yields continued to provide attractive income potential.

We also actively managed the duration position over the quarter, reducing overall interest-rate exposure. This reflected a disciplined approach to risk management and a more selective stance towards duration across global bond markets. We will continue to actively manage our interest-rate exposure as market conditions evolve.

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 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 remains elevated and growth resilient, although the disinflation outlook could improve as tariff effects fade and shelter inflation slows. We are also watching for signs that AI-related data centre investment may begin to moderate as permitting constraints, financing costs and supplier weakness become more apparent.

Labour market data continues to soften in the UK, while weaker purchasing managers' indices (PMIs) suggest slack is gradually building. The Monetary Policy Committee left the Bank Rate unchanged in September, although the 6-3 vote split and higher energy prices leave the door open to hikes. Markets continue to price around 4.5 additional hikes, which looks excessive relative to our expectation of only one or two further moves if energy prices remain close to the BoE's adverse scenario.

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 valuations are 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 (30/04/79)
I Inc (Net)	-1.97	-2.56	-0.97	0.55	6.85	-0.71	2.48	6.44
Peer Group	-1.73	-2.07	-0.35	1.24	6.16	1.28	2.41	5.73

12 month rolling	Sep 2025-Sep 2026	Sep 2024-Sep 2025	Sep 2023-Sep 2024	Sep 2022-Sep 2023	Sep 2021-Sep 2022
I Inc (Net)	0.55	4.70	15.87	1.83	-22.30
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 high income. 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	28 March 1979
Total net assets	554.53m
Asset class	Fixed Income
Domicile	United Kingdom
Structure	Unit Trust
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. From 18 March 2021, the Janus Henderson Preference & Bond Fund merged into the Janus Henderson Fixed Interest Monthly Income Fund. 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 at least 80% of its assets in a global portfolio of bonds of any quality, including high yield (non-investment grade) bonds, issued by governments, companies or any other type of issuer. Where investments are made in assets in currencies other than Sterling, the Fund will seek to hedge at least 80% of those assets back to Sterling to largely remove the risk of currency exchange rate movements. The Fund may also hold other assets including 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 Adviser 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 Adviser 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, high yielding portfolio of investments from across the spectrum of fixed income assets, to provide a reliable monthly income over the long term. The Investment Adviser 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 Adviser 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. 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.

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INVESTORS

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