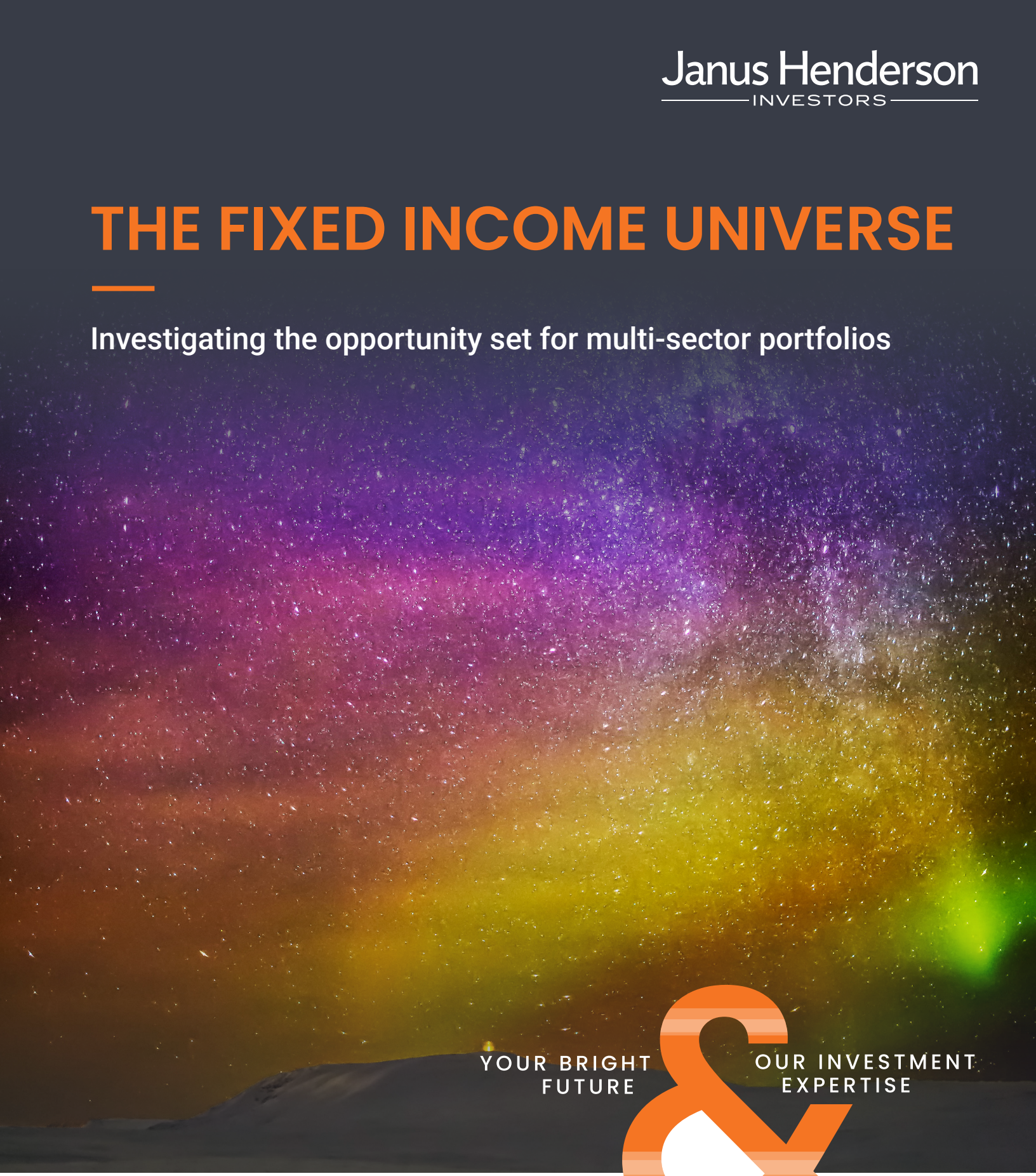
Janus Henderson
INVESTORS

THE FIXED INCOME UNIVERSE

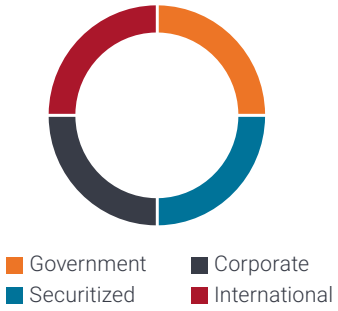
Investigating the opportunity set for multi-sector portfolios



THE BIG PICTURE

As investors seek to optimize their allocation to fixed income, we think it's important to have a solid understanding of the depth and breadth of the investment opportunity set. To illustrate this, we split the fixed income universe into four main categories: Government, securitized, corporate, and international. We then break down each category into key sectors to allow for side-by-side comparisons of notable metrics.

Major fixed income categories



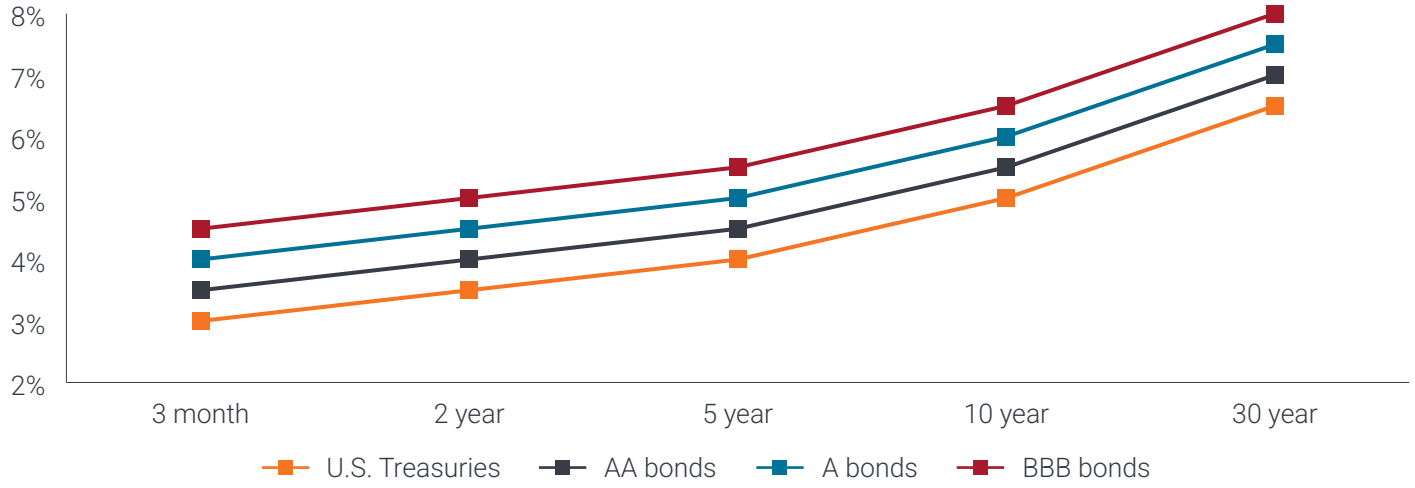
Fixed income 101: A refresher

There are two main points to consider when evaluating the relationship between risk and return on fixed income assets.

1. **The U.S. Treasury yield curve sets the baseline for all fixed income returns.**
   The yield curve is normally upward sloping (where yields increase with maturity), but it can also be flat or inverted.

   As shown in the exhibit below, the yields on bonds that carry some credit risk "stack" on top of the Treasury curve. The additional yield a bond pays above the Treasury rate is known as credit spread. As the credit risk of a bond increases, so does its credit spread and overall yield.

Hypothetical yield curves



The graph provided is hypothetical and used for illustrative purposes only.

2. **Total returns on fixed income are comprised of two main elements: 1) Yield, or carry, and 2) price changes.**

   Yield is the key driver of total returns and is comprised of the Treasury rate plus the credit spread. **Changes to bond prices are a secondary driver of total return**. While bond prices can be impacted by factors such as ratings changes or liquidity risk, they are primarily affected by fluctuations in yields.

   Yields may rise/fall due to upward/downward shifts in the Treasury yield curve. Yields are also impacted by fluctuations in credit spreads, which can expand (widen) or narrow (tighten) due to economic and fundamental factors.

   It is essential to know how sensitive a portfolio is to changes in Treasury yields and credit spreads. **Duration** is the key indicator of sensitivity to changes in yields, with longer-duration bonds being more rate sensitive. Short-duration bonds may be better protected against rising yields, while longer-duration bonds might outperform when yields fall. Regarding **credit spreads**, bonds with higher credit risk will be more sensitive to economic and fundamental factors. This translates to higher spreads - and higher yields - for riskier bonds.

The fixed income universe by sector

Below, we present the individual sectors of the fixed income market grouped by the four major categories. Sectors are represented by their relevant indices[1], and each tile presents key metrics for each sector/index.

The two gauges represent the two key levers of investment risk/return – duration and credit spread. Additional metrics (defined below) as of 31 July 2026 provide an overview of the sector's key characteristics.

- **Duration** – 10-year average duration, measured in years
- **Credit spread** – 10-year average credit spread, measured in basis points (bps)
- **1yr average yield** – 1-year average yield to worst
- **Average credit quality** – Index average credit rating as of 31 July 2026
- **Standard deviation** – 10-year annualized standard deviation, a measure of volatility
- **Correlation to S&P 500** – 10-year correlation to S&P 500® Index, based on monthly returns

Government

Money Markets



1yr average yield	3.8%
Average credit quality	AA+
Standard deviation	0.6%
Correlation to S&P 500	0.01

U.S. Treasuries



1yr average yield	4.1%
Average credit quality	AA+
Standard deviation	4.9%
Correlation to S&P 500	0.18

TIPS



1yr average yield	4.2%
Average credit quality	AA+
Standard deviation	4.9%
Correlation to S&P 500	0.53

Securitized

Agency MBS[2]



1yr average yield	4.8%
Average credit quality	AA+
Standard deviation	5.2%
Correlation to S&P 500	0.38

AAA CLOs



1yr average yield	5.2%
Average credit quality	AAA
Standard deviation	2.2%
Correlation to S&P 500	0.52

BBB CLOs



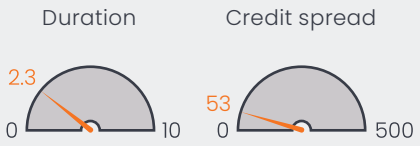
1yr average yield	7.2%
Average credit quality	BBB
Standard deviation	8.8%
Correlation to S&P 500	0.51

[1] Sector descriptions, indices used to represent sectors, and index descriptions can be found in the disclosure section on page 6.
[2] Agency mortgage-backed securities (MBS) may also be categorized as government securities due to their backing by the U.S. government.
[3] Floating rate.

All data sourced from Bloomberg, Morningstar, J.P. Morgan, Janus Henderson Investors as of 31 July 2026, unless otherwise specified.

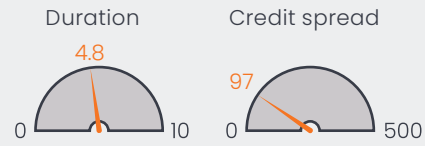
Securitized (continued)

ABS



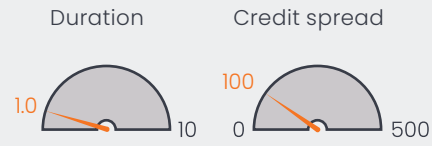
1yr average yield	4.3%
Average credit quality	AAA/AA+
Standard deviation	2.1%
Correlation to S&P 500	0.35

CMBS



1yr average yield	4.7%
Average credit quality	AAA/AA+
Standard deviation	4.2%
Correlation to S&P 500	0.38

Non-Agency RMBS[4]



1yr average yield	4.8%
Average credit quality	A/BBB
Standard deviation	N/A
Correlation to S&P 500	N/A

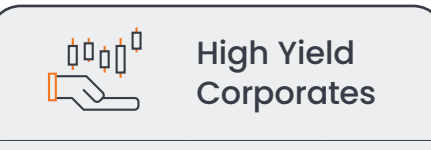
Corporate

Investment Grade Corporates



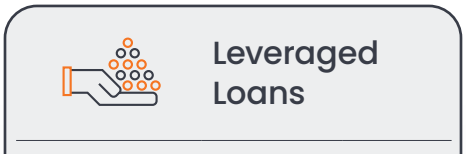
1yr average yield	5.0%
Average credit quality	A/A-
Standard deviation	6.9%
Correlation to S&P 500	0.60

High Yield Corporates



1yr average yield	6.9%
Average credit quality	BB-/B+
Standard deviation	7.1%
Correlation to S&P 500	0.80

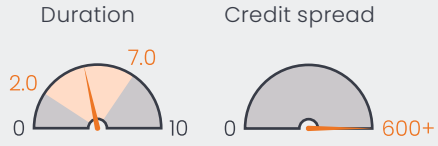
Leveraged Loans



1yr average yield	7.4%
Average credit quality	B+
Standard deviation	5.3%
Correlation to S&P 500	0.67

Corporate (continued)

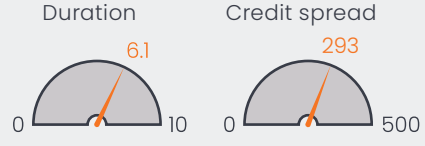
Private Credit[6]



1yr average yield	10-12%
Average credit quality	N/A
Standard deviation	N/A
Correlation to S&P 500	N/A

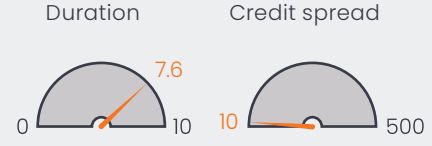
International

Emerging Markets Debt



1yr average yield	6.0%
Average credit quality	BBB/BBB-
Standard deviation	7.3%
Correlation to S&P 500	0.66

Global Developed



1yr average yield	2.9%
Average credit quality	AA-/A+
Standard deviation	8.0%
Correlation to S&P 500	0.44

[3] Floating rate.
[4] Data shown use recent market data for M1A Credit Risk Transfer (CRT) securities as an indicative proxy for the Non-agency RMBS sector.
[5] Spread over 3-month LIBOR / SOFR.
[6] Privately originated investments not traded on public markets. Due to the idiosyncratic and unlisted nature of private credit, metrics such as credit quality, standard deviation, and correlation vary greatly by individual investment and are not broadly available nor comparable to listed sectors. Metrics are indicative only.

See final page of brochure for index information representing these sectors.

In summary

It is evident that the fixed income universe is incredibly diverse, and the opportunity set extends well beyond the limited exposure offered by benchmark indices such as the Bloomberg U.S. Aggregate Index (U.S. Agg). With **around 97% of the U.S. Agg concentrated in just three sectors** – Treasuries, agency MBS, and investment-grade corporates – the benchmark excludes large sectors such as CLOs, high yield, and EM debt. Further, meaningful segments of securitized credit markets, such as ABS and CMBS, are underrepresented relative to their market weight.

Ultimately, we believe one of the keys to long-term success in fixed income is derived from efficiently and appropriately blending various sectors together, as well as knowing when, how, and to what extent to adjust allocations.

It can be intimidating for investors to contemplate the challenge of constructing a portfolio that gains adequate exposure to the full opportunity set in a way that suits their investment objectives. Therefore, we think it is essential to employ an unconstrained, active, goals-based approach to fixed income investing that is built on the foundations of deep fundamental and quantitative research.

Janus Henderson uses a bespoke strategic asset allocation (SAA) framework across all multi-sector strategies, including core, core-plus, global multi-sector, and customized solutions.

The SAA enables tailored client outcomes rather than one-size-fits-all portfolios. It is fully embedded in the firm's portfolio construction process, with risk budgeting, attribution, and daily risk reporting all run relative to the SAA. This integration supports transparency, repeatability, and consistency in decision-making, ultimately contributing to more reliable portfolio outcomes and returns, in our view.

About the authors



John Lloyd
Global Head of Corporate Credit and Multi-Sector

John Lloyd is Global Head of Multi-Sector Credit at Janus Henderson Investors, a role he has held since 2025. Additionally, he is a portfolio manager and is responsible for creating the strategic framework, leading investment strategy, launching new products and bringing together ideas globally across the multi-sector credit franchise.

John received his Bachelor of Arts degree in economics from the University of Michigan and his MBA from Dartmouth College, Tuck School of Business. He has 28 years of financial industry experience.



John P Kerschner, CFA
Global Head of Securitized Products

John P Kerschner is Global Head of Securitized Products and a portfolio manager at Janus Henderson Investors. He is a member of the Securitized Credit and Core Plus Teams and leads the teams in finding innovative ways to utilize structured products in the firm's portfolios.

John received his Bachelor of Arts degree in biology from Yale University, graduating cum laude. He earned his MBA from Duke University, Fuqua School of Business, where he was designated a Fuqua Scholar. John holds the Chartered Financial Analyst designation and has 36 years of financial industry experience.

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Indices used to represent asset classes on pages 3 and 4 are as follows:

Money markets: The Bloomberg US Treasury Bill 1-3 Months Index tracks the market for Treasury Bills with 1 to 2.9999 months to maturity issued by the U.S. government.

U.S. Treasuries: The Bloomberg U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

TIPS: The Bloomberg U.S. Treasury Inflation-Linked Bond Index measures the performance of the U.S. Treasury Inflation Protected Securities (TIPS) market.

Agency MBS: The Bloomberg US Mortgage-Backed Securities (MBS) Index tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

AAA CLOs: The J.P. Morgan Collateralized Loan Obligation (CLO) AAA Index aims to track the performance of AAA-rated debt tranches of broadly syndicated arbitrage U.S. dollar-denominated debt as part of the J.P. Morgan CLOIE Index.

BBB CLOs: The J.P. Morgan Collateralized Loan Obligation (CLO) BBB Index aims to track the performance of BBB-rated debt tranches of broadly syndicated arbitrage U.S. dollar-denominated debt as part of the J.P. Morgan CLOIE Index.

ABS: The Bloomberg U.S. Asset-Backed Security (ABS) Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate, taxable ABS bond market.

CMBS: The Bloomberg U.S. Commercial Mortgage-Backed Securities (CMBS) Investment Grade Index measures the investment-grade market of U.S. Agency and U.S. Non-Agency conduit and fusion CMBS deals with a minimum current deal size of $300mn.

Non-Agency RMBS: Due to the broad and heterogenous nature of the Residential Mortgage-Backed Securities (RMBS) market, there is no one index that encapsulates the entire sector. Data shown use long term historical market data for Credit Risk Transfer (CRT) securities as an indicative proxy for the Non-agency RMBS sector.

Investment Grade Corporates: The Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market.

High Yield Corporates: The Bloomberg U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

Leveraged Loans: The Morningstar LSTA U.S. Leveraged Loan 100 Index measures the performance of the 100 largest facilities in the U.S. leveraged loan market.

Private Credit: Due to the illiquid and unlisted nature of private credit investments, there is no one index that captures the entire private credit market. Metrics included are indicative only, may vary greatly among individual investment opportunities. Metrics are indicative only.

Emerging Markets Debt: The Bloomberg Emerging Markets (EM) Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

Global Developed: The Bloomberg Global Aggregate ex USD Index is a measure of investment grade debt from 24 local currency markets, including treasury, government-related, corporate and securitized fixed-rate bonds.

Definitions of terms:

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

Bloomberg U.S. Aggregate Bond Index is a broad-based measure of the investment grade, US dollar-denominated, fixed-rate taxable bond market.

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

Correlation measures the degree to which two variables move in relation to each other. A value of 1.0 implies movement in parallel, -1.0 implies movement in opposite directions, and 0.0 implies no relationship.

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.

J.P. Morgan Collateralized Loan Obligation Index (CLOIE) is a total return benchmark for broadly-syndicated arbitrage US CLO debt.

Liquidity risk is a financial risk that a given financial asset, security or commodity cannot be traded quickly enough in the market without impacting the market price.

S&P 500® Index reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.

Standard Deviation measures historical volatility. Higher standard deviation implies greater volatility.

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.

An inverted yield curve occurs when short-term yields are higher than long-term yields.

Yield to worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting.

RISK INFORMATION:

Fixed income securities are subject to interest rate, inflation, credit and default risk. As interest rates rise, bond prices usually fall, and vice versa.

High-yield bonds, or "junk" bonds, involve a greater risk of default and price volatility.

Foreign securities, including sovereign debt, are subject to currency fluctuations, political and economic uncertainty and increased volatility and lower liquidity, all of which are magnified in emerging markets.

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.

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.

Private Credit refers to direct lending or debt financing outside of traditional banking, typically involving non-publicly traded companies, and comes with increased risk including limited liquidity, reliance on the borrower's financial health, and less regulatory oversight compared to traditional bank lending.

U.S. Treasury securities are direct debt obligations issued by the U.S. Government. With government bonds, the investor is a creditor of the government. Treasury Bills and U.S. Government Bonds are guaranteed by the full faith and credit of the United States government, are generally considered to be free of credit risk and typically carry lower yields than other securities.

Inflation-linked bonds feature adjustments to principal based on inflation rates. They typically have lower yields than conventional fixed-rate bonds and decline in price when real interest rates rise.

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

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