Janus Henderson INVESTORS

Diversified Credit Fund

ISIN AU60IOF01271

Investment objective

The Fund seeks to achieve a total return before fees that exceeds the total return of the Benchmark by 2.00% p.a. over rolling three year periods.

Investment approach

The Fund is an actively managed portfolio of Australian and global higher yielding securities that seeks to provide investors with a diversified exposure to a wide range of fixed income securities including corporate debt, asset backed securities, secured loans and emerging markets debt securities.

Performance (%)

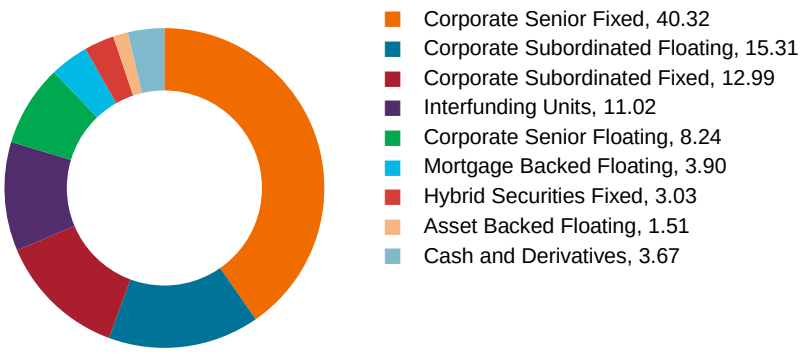
	Cumulative				Annualised			
Returns	**1 Month**	**3 Month**	**6 Month**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**Since inception**
Fund (Gross)	0.26	1.21	3.42	5.47	7.39	5.35	5.33	5.30
Fund (Net)	0.21	1.07	3.16	4.90	6.82	4.78	4.74	4.73
Benchmark	0.36	1.11	2.20	4.06	4.22	3.34	2.41	2.75
Excess returns (Gross)	-0.10	0.10	1.22	1.41	3.17	2.01	2.92	2.55
Excess returns (Net)	-0.14	-0.04	0.96	0.84	2.60	1.44	2.32	1.98

From 29 September 2017, the Fund's benchmark changed from the Bloomberg AusBond Credit FRN 0+ Yr Index to the Bloomberg AusBond Bank Bill Index. Past performance before 29 September 2017 is shown for the Fund's previous benchmark.

Net performance figures are calculated using the exit price net of fees and assume distributions are reinvested. Past performance is not a guide to future performance.

Characteristics	**Fund**
Number of holdings	821
Modified duration (years)	1.06
Yield to maturity	6.27
Current yield	6.23
Credit spread duration	2.84
Average rating	A

Sub-sector Allocation (%)



Fund details

Inception date	31 October 2012
Total fund net assets	$1.65bn
Asset class	Fixed Income
Domicile	Australia
Structure	Managed Investment Scheme
Base currency	AUD
Benchmark	Bloomberg AusBond Bank Bill Index
Distribution frequency (if any)	Monthly
Risk profile	Medium
Suggested timeframe	3 Years
Minimum investment	$25,000
ARSN code	127 727 431
APIR code	IOF0127AU
NAV	1.0695

ISIN	AU60IOF01271
Bloomberg	IOF0127 AU
SEDOL	BYTBJV5

Fees & Charges

Management fee (% p.a.)	0.55
Buy/sell spread (%)	0.10/0.20

For more information and most up to date buy/sell spread information, visit www.janushenderson.com/en-au/adviser/buy-sell-spreads

Portfolio management

Jay Sivapalan, CFA

Shan Kwee, CFA

Ratings

Overall Morningstar Rating™
As of 30/09/2026

★★★★

Morningstar Medalist Rating™
Effective 28/09/2026

Silver

Analyst-Driven%: 100.00
Data Coverage%: 100.00

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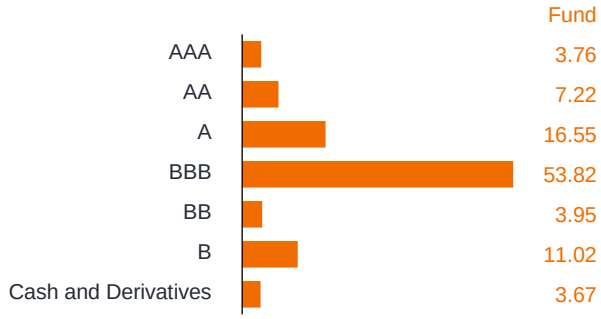
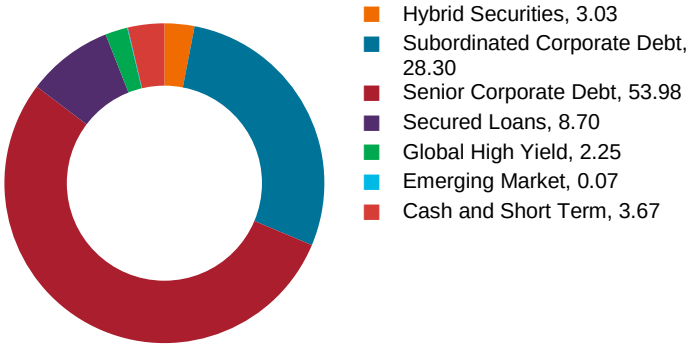
Credit Rating Distribution (%)



Top 10 Holdings (%)

	Fund
BNP Paribas SA 6.4273% 03/12/2036 FRN AUD REGS	1.82
Barclays PLC 8% FIX/FRN PERP AUD REGS	1.35
Westpac Banking Corp 7.199% 15/11/2038	1.28
Sydney Airport Finance Co Pty 5.50% 23/4/2032	1.25
Scentre Group Trust 1 6.69% 10/09/2054 FRN AUD	1.23
Pacific Life Global Funding II 5.39984% 22Apr31 FRN AUD REGS	1.22
Blue Owl Credit Income 6.50% 23/10/2027 AUD	1.17
Ampol Ltd 5.85% 30/10/2055 FIX/FRN AUD Regs	1.16
Ausnet Services Holdings Pty Ltd Subordinated FRN 12/02/2031	1.14
Brisbane Airport Corp Senior Secured 4.5% 01/10/2030	1.13
Total	**12.74**

Sector Allocation (%)



Country of Risk (%)

	Fund
Australia	58.64
United Kingdom	16.02
United States	9.03
France	3.11
Germany	2.78
Luxembourg	2.25
New Zealand	2.09
Switzerland	1.94
Spain	0.42
Multinational	0.07
Cash and Derivatives	3.67

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

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Janus Henderson INVESTORS

DIVERSIFIED CREDIT FUND

At a glance

Performance

The Fund returned 0.21% (net) and 0.26% (gross). The Fund underperformed the Benchmark by 0.10% (gross) in September, which returned 0.36% on the month.

Contributors/detractors

Income generation and our defensive credit selection helped buffer returns within a weakening risk backdrop, and our credit protection hedges added value in September helping to smooth investor outcomes.

Outlook

Our base case is a peak in the cash rate to 4.60%, and a 25% chance of the high case, a peak in the cash rate of 5.35%.

Investment environment

Global fragmentation, AI-driven investment and climate-related disruptions are reshaping capital markets. Expanding fiscal deficits, infrastructure spending and supply chain vulnerabilities have tightened global savings, supporting structurally higher interest rates and bond yields.

Australian bond yields reflect the above pressures, with higher term premia largely priced in. Australian three-year government bond yields increased 27bps to 4.93%, while 10-year yields rose 26bps to 5.35%.

In Australia, a softening property market and rising private credit stress focused investor attention. Adjusted for the semi-annual roll, the Australian iTraxx Index closed 1bp tighter at 72bps, while Australian fixed and floating rate credit indices returned -0.54% and +0.37% respectively.

Higher-yielding credit markets diverged mainly due to duration while spreads were softer, emerging-market sovereign debt returned -3.2% and GHY -2.3%. Floating rate markets were positive, supported by income. European loans returned 0.41%, US loans 0.25%, domestic Tier 2 subordinated debt 0.33% and ASX hybrids 0.64%.

Portfolio review

Income generation and our defensive credit selection helped buffer returns within a weakening risk backdrop, and our credit protection hedges added value in September helping to smooth investor outcomes. Across the quarter income generation was solid with credit excess returns adding 0.5% above cash, while returns were dragged lower by the sharp rise in bond yields which detracted 0.4% from a modest duration position in the Fund.

Looking forward, higher yields across the curve and credit spreads support attractive risk-adjusted forward returns available in higher quality Australian credit. Domestic investment grade securities provide between 6% and 7.5% without taking on any undue default or illiquidity risk. The Fund has maintained no exposure to Australian private credit or lower-ranking mezzanine positions in warehouse finance as the market navigates challenges.

Overall, our more conservative balance of risk positioning across rates, credit and protection have provided solid results in the near term, while navigating the noisy environment and extracting capital gains on offer from our active credit positioning. We remain biased to defensive credit subsectors like utilities and life insurance, while capturing attractive opportunities in primary transactions as the global hunger for new capital is ongoing. We believe investors are receiving adequate compensation for some duration, and we favour Australian duration over US duration and will look to capitalise on any further overshoots as headline remains elevated. Duration has been increased over the quarter to 1.1 year as yields hover at their peaks. We have retained our CDS protection positions as relatively inexpensive insurance while global credit spreads have started to creep wider.

Primary activity has remained elevated through the quarter, albeit activity slowed into the end of September. Credit investors are being spoilt for choice, within which we remain selective. We used an unusually busy August primary market to gradually rebalance portfolio spread exposures. We have reduced exposure to bank and insurance Tier 2 securities which still look expensive. While selective inaugural senior bond transactions from SSE (a UK electricity utility) and AA+ rated Google (Alphabet Inc.), offer yields between 6.3% and 7.0% at issuance, they appealed due to their defensive nature and high balance sheet quality respectively. NextEra Energy also issued new subordinated bonds yielding 7.5% at a more attractive 2.55% spread. The themes of energy and AI providing income investors some higher yields up in the capital structure in investment grade.

The Fund remains well positioned to maintain strong income generation from higher quality public credit while continuing to preserve risk capacity to capitalise on opportunities created by a more volatile and dispersed market environment. The yield on the Fund has picked up to be healthily above 6%, with capacity for us to increase it further with the right opportunities.

Manager outlook

We believe that while the RBA risks future hiking, we are more toward the end of the cycle than the beginning, unlike other central banks such as the US Federal Reserve. We presently see a base case of a peak in the cash rate to 4.60%, and a 25% chance of the high case, with a peak in the cash rate of 5.35%. There is a substantial amount priced in across the Australian curve. The curve also suggests that the current tight monetary policy conditions will persist for an extended period. While we see policy rates now in a higher band than previously, we expect the RBA to return to a less restrictive policy setting in time.

We have slowly been raising our long duration position as yields have been rising, with a focus on the mid-curve. We favour a modest long position at present and will continue to add as more opportunities present themselves if yields rise further.

We expect volatility to remain elevated as geopolitical and macroeconomic risks persist. Against this backdrop, our credit strategy remains firmly biased towards high-quality investment-grade issuers with resilient businesses, strong earnings and conservative balance sheets. We are cautious on more economically sensitive, leveraged and lower-quality corporate and consumer sectors, particularly where default risk remains elevated or business models face significant AI disruption. Australian investment-grade credit remains attractive relative to global markets, particularly given its low default risk and competitive all-in yields. We believe high-quality Australian credit should remain resilient across a range of economic environments. While we remain constructive and well-invested for carry advantage across portfolios, we have been selective in subsectors and usage of risk capacity. We have retained capacity to take advantage of periods of market volatility and favour maintaining cost-effective credit protection against downside risks.

Dispersion between higher quality and more liquid credit versus more leveraged and less liquid borrowers increased through the quarter as investors weighed sticky core inflation, a repricing of the Fed outlook and rising concern among smaller borrowers. Offshore, we continue to favour higher-quality sub-investment-grade opportunities, with loans offering better compensation for risk than high-yield bonds and emerging-market debt. Overall, we remain disciplined carefully sizing positions and

preserving capacity to add risk when valuations become more attractive in higher beta credit.

The quarter saw solid levels of labelled transactions spanning sovereign and semi-government borrowers, financials, supranationals and corporates. A diversity of issuers, structures and sectors continues to provide opportunities to align portfolio construction with environmental and social themes while maintaining credit-quality and valuation discipline.

For in-depth economic analysis and the Australian Fixed Interest Team's outlook, visit https://go.janushenderson.com/Viewpoint-Oct26