

Tactical Income Fund – Institutional

ISIN AU60HGI41881

Investment objective

The Fund seeks to achieve a total return after fees that exceeds the total return of the Benchmark, by investing in a diversified portfolio of predominantly Australian income producing assets.

Investment approach

The Fund is an integrated and diversified fixed income solution designed to make tactical investment decisions between cash, longer duration fixed interest securities and higher yielding securities, throughout every step of the investment cycle.

Performance (%)

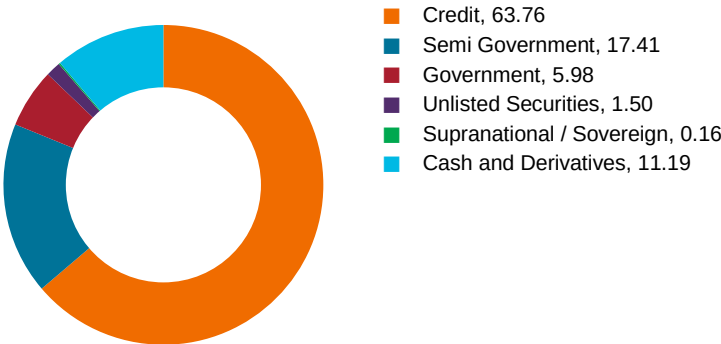
Returns	Cumulative				Annualised			
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Fund (Gross)	0.05	0.67	2.57	4.18	—	—	—	5.71
Fund (Net)	0.02	0.57	2.37	3.76	—	—	—	5.29
Benchmark	-0.25	-0.20	1.66	1.82	—	—	—	3.50
Excess returns (Net)	0.27	0.77	0.71	1.94	—	—	—	1.79

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	Index
Number of holdings	595	926
Modified duration (years)	1.60	2.44
Yield to maturity	5.87	5.00
Current yield	5.72	4.13
Credit spread duration	1.66	0.30
Average rating	AA	AA+

Sector Allocation (%)



Fund details

Inception date	16 July 2024
Total fund net assets	\$6.27bn
Asset class	Fixed Income
Domicile	Australia
Structure	Managed Investment Scheme
Base currency	AUD
Benchmark	Bloomberg AusBond Bank Bill / AusBond Composite 0+ Yr Index equally weighted
Distribution frequency (if any)	Quarterly
Risk profile	Low-medium
Suggested timeframe	3 years
Minimum investment	\$20,000,000
ARSN code	130 944 866
APIR code	HGI4188AU
NAV	1.0178

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SEDOL	BNSLY03

Fees & Charges

Management fee (% p.a.)	0.40
Buy/sell spread (%)	0.00/0.04

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

Ratings

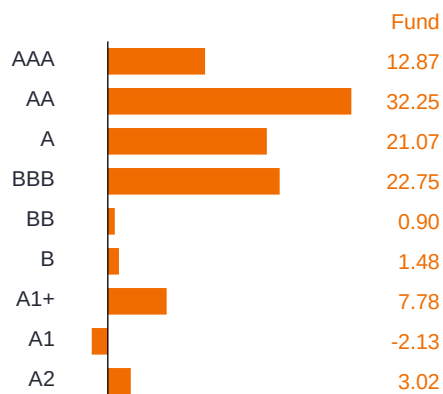
Morningstar Medalist Rating™
Effective 27/04/2026



Analyst-Driven%: 100.00
Data Coverage%: 100.00

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Credit Rating Distribution (%)



Sub-sector Allocation (%)

	Fund
Corporate Senior Fixed	33.14
Semi Government Fixed	17.41
Corporate Senior Floating	12.84
Corporate Subordinated Floating	6.34
Government Fixed	5.76
Corporate Subordinated Fixed	4.28
Mortgage Backed Floating	4.26
Interfunding Units	1.50
Asset Backed Floating	1.09
Hybrid Securities Fixed	0.93
Cash and Derivatives	11.19

Maturity Profile (%)

	Fund
< 1 Year	10.05
1 - 3 Years	16.73
3 - 5 Years	33.75
5 - 7 Years	18.14
7 - 10 Years	21.80
10 - 20 Years	-1.29
20+ Years	0.83

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TACTICAL INCOME FUND – INSTITUTIONAL

At a glance

Performance

The Fund returned 0.02% (net) and 0.05% (gross). The Fund outperformed the Benchmark by 0.27% (net) in September, which returned -0.25% on the month.

Contributors/detractors

The Fund's duration exposure, while modest, was detrimental to performance although floating-rate income and the Fund's diversified credit allocation helped cushion the impact.

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

The Fund navigated a challenging backdrop for fixed income markets, posting a small negative absolute return whilst outperforming the Benchmark. The Fund's duration exposure, while modest, was detrimental to performance although floating-rate income and the Fund's diversified credit allocation helped cushion the impact. Taking advantage of higher yields, the Fund extended its modest duration position slightly toward the end of the quarter, sitting at 1.58 years at the end of the period.

Semi-government spreads widened in the final month of the quarter, with underperformance concentrated in intermediate to longer maturities. Front-end spreads moved only modestly, while widening reached around 5bps for 10-year maturities. Victoria and Queensland underperformed on a relative basis, while NSW was the stronger performer. S&P's rating downgrade of Queensland was the primary cause of the state's relative underperformance, although this had largely reversed by month end.

Investment grade credit spreads widened although the benefit of excess carry was sufficient to see the sector contribute positively to performance. A preference for higher quality investment-grade issuers with conservative balance sheets helped relative performance. Recent increases to the insurance sector also provided an uplift with that segment performing relatively well as spreads narrowed.

Global higher-yielding fixed-rate markets weakened as rising sovereign yields and risk volatility weighed on returns. A preference for less duration sensitive segments including loans exposure assisted performance, whereas Emerging market debt and global high yield lost ground. Our nimble and selective approach to the higher yielding market segment remains intact, with liquidity and disciplined position sizing in focus. Credit protection positions in the form of credit default swaps (CDS) remained adequate in the context of tighter spreads and contributed positively as risk sentiment shifted.

At quarter end, the Fund's yield neared 6%, a level which has historically served investors well. Along with numerous opportunities for active management and potential alpha, the fund is well positioned to capture attractive returns in the coming period. Current positioning remains diversified across fixed-rate bonds, floating-rate high-quality credit, cash and higher-yielding credit, with a quality bias and credit protection retained to manage downside risk. Premium liquidity and a defensive posture appear to be finding greater favour in the face of growing challenges in less liquid areas of fixed income markets.

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 Fed. We see a base case cash rate peak of 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 current tight monetary policy conditions will persist for an extended period.

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 and will continue to add as more opportunities present themselves if yields rise further.

Semi-government issuance slowed slightly in September. Eastern state supply is expected to continue throughout the year, with more periodic issuance from others. Aside from Queensland's Olympic construction efforts, a reduction in supply is expected in later years as attempts are made to stabilise debt levels. Attractive yields in excess of government bonds and excellent liquidity are expected to sustain demand. We continue to assess primary issuance, targeting additional upside through active rotation between states and specific maturity tenors whilst also taking profit as valuations rise.

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. 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 across a diversity of issuers and structures.

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