

# Are You Taking Too Much Risk in Your Quest for Yield?

## Multi-Sector Income Fund

A: JMUAX C: JMUCX I: JMUIX N: JMTNX S: JMUSX T: JMUTX

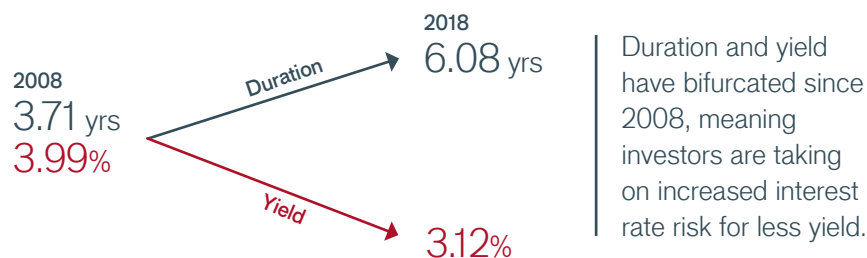
Many investors need fixed income to serve as the ballast of their portfolio, help dampen overall volatility and provide some level of income. But in an environment where higher rates are expected will a rate-sensitive core fixed income allocation serve this purpose? With core duration at all-time highs and yields not commensurate with that level of risk, **many investors have traded interest rate risk for credit risk**. While this trade helps generate income, it in turn increases correlations to equity at a time when credit spreads are tight – and well below long-term averages.

### Are You Being Compensated for the Risk You Are Taking?

Given below average spreads, investors continue to take credit risk, but with less yield cushion. (3/31/08 - 3/31/18)



Source: Bloomberg Barclays U.S. Corporate High Yield Bond Index Option Adjusted Credit Spread



Source: Bloomberg Barclays U.S. Aggregate Bond Index, Duration and Yield as of 12/31/08 and 3/31/18.

### How Janus Henderson Can Help

In an environment characterized by low yields, finding a fund that can navigate market and rate cycles while still seeking to offer a consistent stream of monthly income, without taking on additional risk, can be a challenge. **Multi-Sector Income Fund** is a dynamic, multi-sector income fund that seeks high, consistent income with lower volatility than a dedicated high yield strategy. Our approach leverages a bottom-up, fundamentally driven process that focuses on identifying the best risk-adjusted opportunities across fixed income sectors.

The Fund seeks to provide a consistent, high monthly income stream with less than half the risk of the high-yield asset class, regardless of interest rate movements.

# Multi-Sector Income Fund

“ When we add a security to the portfolio, the goal is to do one of two things: either dampen volatility, or provide us with the income that we want. Hopefully, it will do both.”

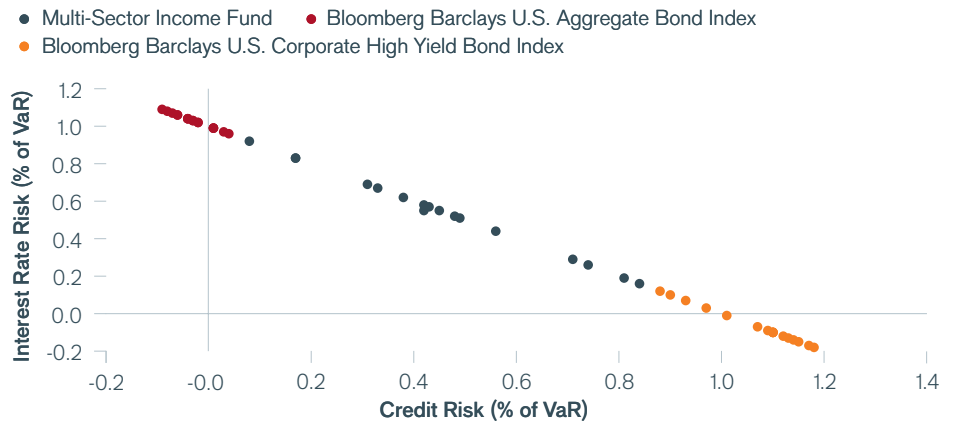
Seth Meyer, Portfolio Manager

## Generating Income from the Best Risk-Adjusted Ideas

Multi-Sector Income Fund sits in-between a traditional core strategy and high-yield, allowing it to shift its risk profile between the two depending on perceived risks in the market. This allows us to invest in our best ideas across the fixed income spectrum in pursuit of income.

### Sometimes it's an Advantage to be "Stuck" in the Middle

Quarterly Components of Value at Risk (3/31/14 - 3/31/18)



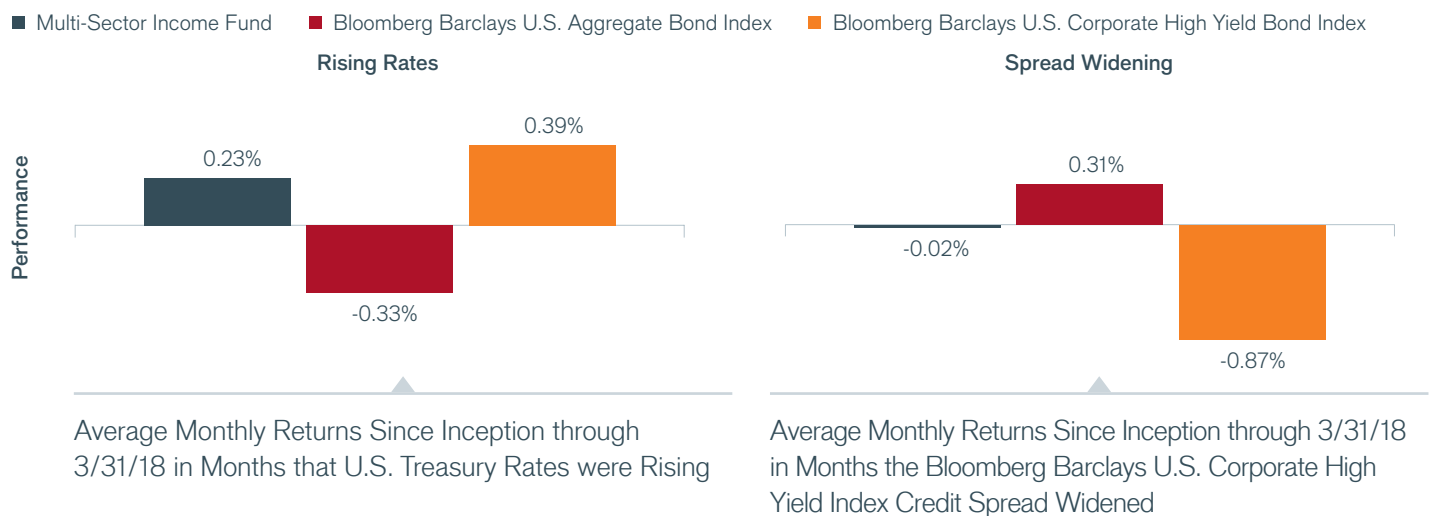
Source: Janus Henderson. Credit Risk represents the % of Standard Deviation attributable of Non-Interest Rate component of VaR. Interest Rate Risk represents the % of Standard Deviation attributable to the interest rate component of VaR. VaR is the Value at Risk in a portfolio and is a forward-looking measure of risk for estimating potential future portfolio losses over a specific time frame.

## Designed to Navigate Different Environments

Two main risks challenge fixed income investors – rate risk and credit risk. The Fund is designed to serve as an all-weather income fund, giving investors exposure to higher-yielding sectors of the fixed income universe, while investing in less volatile sectors as a way to dampen overall volatility. The portfolio's structure leads to less rate sensitivity than a traditional core investment and less credit sensitivity than a high-yield investment, helping investors navigate those two main risks and potentially create a less volatile return and income stream.

### Designed to Navigate Key Risks in Fixed Income

Multi-Sector Income Fund (Class I Shares) Compared to Major Bond Indices (2/28/14 - 3/31/18)



Please see page 4 for additional performance information and important disclosures.

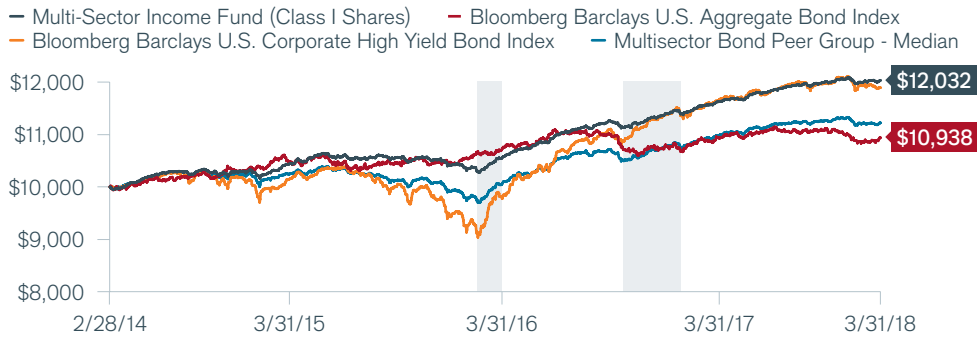
Past performance is no guarantee of future results.

## A Multi-Sector Approach That's Built Bond by Bond

We believe that the Multisector bond category is one where you really need to know your manager and their process. Unlike many peers in the space, our U.S.-centric strategy is built from the bottom up and is not reliant on derivatives, leverage, currencies, or significant allocations to equities or emerging markets.

### Nimble and Active Management Has Proved Powerful

Fund, Benchmark and Peer Group Cumulative Growth (2/28/14 - 3/31/18)



Source: Morningstar, Inc.

In early 1Q16, the Fund was down -1.49%, while the peer group was down -1.91% and the High Yield Index was down -5.16%.

In 4Q16, the Fund returned +0.58%, while the Aggregate Bond Index was down almost -3.0% and peer group was down -0.62%.

**Less Risk Than Most of the Fixed Income Market**

### Standard Deviation

The Fund  
**2.35%**

Broad Bond Market  
**2.76%**

High-Yield  
**5.31%**

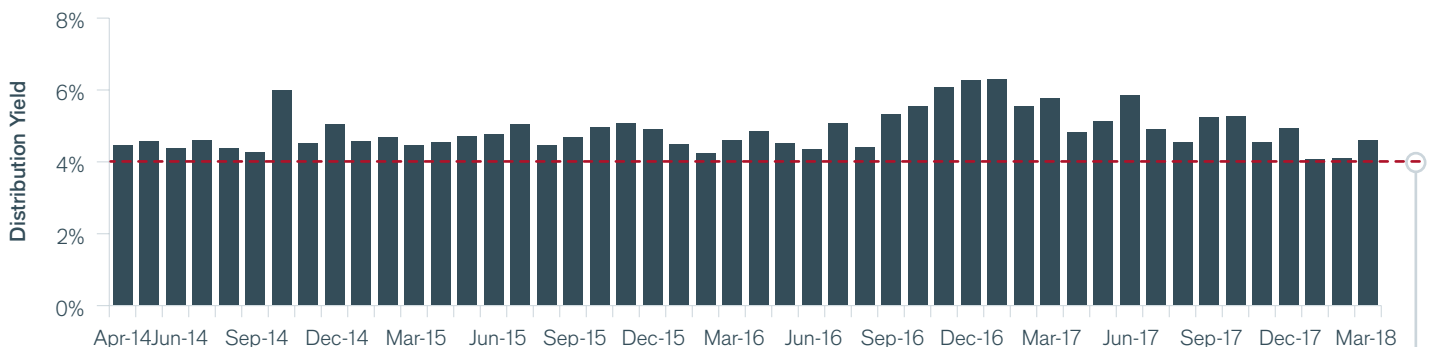
Source: Morningstar, Inc. (2/28/14 - 3/31/18)

## Targeting High, Consistent Monthly Income for Investors

Recently the "income" in core strategies has been hard to find and while there is income in high-yield, investors might not be comfortable with the risk or the extended valuations. Investment flexibility has allowed our Fund to generate high, monthly income with less risk than both high-yield and the broader bond market.

### A Record of Regular Distributions

Monthly Distribution Yield - Class I Shares (4/30/14 - 3/31/18)



**30-Day SEC Yield (%)**  
(As of 3/31/18)

	Class I Shares
With Waivers	3.67
Without Waivers	3.61

The Fund's **monthly** distribution yield has consistently been **above 4%**.

# Multi-Sector Income Fund

## Portfolio Management



**Seth Meyer, CFA**

- Fund Manager since 2014
- Industry since 1998



**John Kerschner, CFA**

- Fund Manager since 2014
- Industry since 1990



**John Lloyd**

- Fund Manager since 2014
- Industry since 1998

## Overall Morningstar Rating™

Based on risk-adjusted returns as of 3/31/18



Class I Shares among 255  
Multisector Bond Funds

## Role in a Diversified Portfolio

**Portfolio Position:** Core or Income Generator



**Portfolio Implementation:**

- Complement traditional fixed income strategies
- Pair with a multisector strategy that takes on non-U.S. exposure

**What This Offers Investors:**

- Targets High, Consistent Monthly Income
- Investment Flexibility
- Experienced Team and Investment Process

Performance (%) As of 3/31/18	1 yr	3 yr	5 yr	10 yr	Since Inception (2/28/14)
Class I Shares	4.97	4.41	-	-	4.63
Bloomberg Barclays U.S. Aggregate Bond Index	1.20	1.20	-	-	2.22
Morningstar Percentile Ranking (%)	17	13	-	-	8
Multisector Bond Category Rank/Count	59/324	45/278	-	-	23/255

Gross and Net expense ratios are for Class I Shares: 0.94% / 0.67%. Net expense ratios reflect the expense waiver, if any, contractually agreed to through 11/1/18.

**Returns quoted are past performance and do not guarantee future results; current performance may be lower or higher. Investment returns and principal value will vary; there may be a gain or loss when shares are sold. For the most recent month-end performance call 800.668.0434 or visit [janushenderson.com/performance](http://janushenderson.com/performance).**

For more information, please visit [janushenderson.com](http://janushenderson.com).

**Janus Henderson**  
INVESTORS

**This material must be preceded by or accompanied with a prospectus. Read it carefully before you invest or send money.**

Returns include reinvestment of dividends and capital gains. Returns greater than one year are annualized.

There is no assurance the stated objective(s) will be met. Mutual fund investing involves market risk. Investment return and fund share value will fluctuate and it is possible to lose money by investing. 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.

High-yield/high-risk bonds, also known as "junk" bonds, involve a greater risk of default and price volatility than U.S. Government and other high quality bonds. High-yield/high-risk bonds can experience sudden and sharp price swings which will affect net asset value. 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.

Derivatives can be highly volatile and more sensitive to changes in economic or market conditions than other investments. This could result in losses that exceed the original investment and may be magnified by leverage.

As of 3/31/18, Multi-Sector Income Fund Class I Shares Morningstar Ratings™ in the Multisector Bond category: 4 stars out of 255 funds for the 3-year period.

The Morningstar Rating™ for funds, or "star rating", is calculated for funds with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly excess performance,

placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. Ratings may vary by share class.

The Morningstar percentile ranking is based on the fund's total-return percentile rank relative to all funds that have the same category for the same time period.

The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. Morningstar total-return includes both income and capital gains or losses and is not adjusted for sales charges. The top-performing funds in a category will always receive a rank of 1.

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Distribution Yield is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period. The yield does not include long- or short-term capital gains distributions.

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

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