

BALANCED FUND

At a glance

Performance*

The Fund returned 8.97%, the Index returned 9.31% and the Sector returned 7.78%.

Contributors/detractors

Asset allocation and fixed income positioning benefited relative performance, while security selection within the equity allocation detracted.

Outlook

We believe substantial technology infrastructure investment, artificial intelligence (AI)-driven productivity gains, and relatively stable consumer fundamentals contribute to a favourable economic backdrop.

Portfolio management



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Investment environment

- The S&P 500 Index rose 15.2% and the Bloomberg US Aggregate Bond Index rose 0.7%.
- Equities rallied amid resilient economic growth and robust corporate earnings reports. High-beta and momentum stocks led the market, particularly in the technology and industrials sectors. Both sectors benefited from enthusiasm around AI and strong corporate earnings growth.
- The AI capital spending cycle remained a central market driver. Rising hyperscaler investments in AI computing capacity and data centre infrastructure boosted semiconductor manufacturers and other companies operating at key points in the AI supply chain.
- Fixed income was positive despite rising expectations of a US interest-rate hike amid economic strength. Corporate bonds and securitised sectors outperformed Treasuries.
- Interest rates moved higher during the quarter, driven initially by rising oil prices and ongoing inflation pressures tied to bottlenecks across the AI ecosystem. Expectations that easing geopolitical tensions could lead to lower interest rates were tempered after the Federal Reserve (Fed)'s June meeting. While the Fed

left policy unchanged, its Chair, Kevin Warsh, reiterated that controlling inflation remains the central bank's primary focus.

- The US 10-year Treasury yield ended the quarter 14 basis points (bps) higher, at 4.44%. Investment grade corporate bond spreads narrowed 15 bps, to 74 bps, while high yield bond spreads narrowed 47 bps, to 270 bps, reversing the bulk of the widening seen in the previous quarter.

Portfolio review

The fund entered the quarter with roughly 63.5% in equities and 36.5% in fixed income. The equity weighting drifted higher given the equity market's rally, before we trimmed the position late in the quarter in the interests of a more balanced near-term risk/reward profile. It closed June with approximately 65.1% in equities and 34.9% in fixed income. The overweight position in equities and corresponding underweight to fixed income versus the Balanced Index helped relative performance as equities outperformed bonds.

In equities, the healthcare and information technology sectors detracted from relative performance, while consumer staples and industrials contributed.

In terms of individual stock performance, Micron Technology was among the top relative contributors. The memory chipmaker is benefiting from data-centre demand

Marketing communication

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*For benchmark and sector, if applicable, refer to Fund details on page 4. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 5.

that continues to outstrip supply, driving incremental price increases in memory. Historically, it is a highly cyclical business trading at a relatively low valuation multiple, but Micron has added long-term customer commitments that are smoothing some of that cyclicity. Adding capacity takes years, keeping supply tight. We believe Micron is using today's demand to structurally improve the business, which could support a higher multiple over time.

Lam Research and KLA also were among the top relative contributors. The semiconductor capital equipment makers have been benefiting from rising demand from semiconductor customers as they expand capacity. We expect growth in wafer-fabrication equipment to remain significant over the next several years, supporting our conviction in both holdings.

Zoetis was among the top relative detractors. The animal health company has faced pressure as the pet care market normalised following the Covid-era spike in ownership and veterinary visits. Slower market growth, competitive launches in key treatment areas, and a soft debut for one new therapy have weighed on results.

CME Group also was among the top relative detractors. The financial exchange operator faced two concerns during the quarter: whether AI could weaken pricing power in the data and services sold around its exchange, and whether prediction markets and the tokenisation of equities could siphon liquidity or user attention away from institutional trading. We do not view either as a long-term threat to the business. While these concerns have recently pressured the stock, we do not believe they represent a long-term threat to CME Group's business.

In terms of equity portfolio activity, we trimmed select mega-cap technology positions and redeployed part of the proceeds to broaden our AI infrastructure exposure beyond graphics processing units (GPUs), adding to analog semiconductors and central processing units (CPUs). We also added selectively to medical technology equipment and consumer discretionary holdings where we viewed recent weakness as transitory.

In fixed income, our diversified overweight position in credit spread risk and corresponding underweight to US Treasuries was the key driver of our outperformance over the quarter. Notably, exposure to high yield corporate bonds was a large contributor, as was security selection within investment grade corporate bonds.

Against a backdrop of heightened interest-rate sensitivity, we trimmed duration to a modest underweight position and reduced the size of our positioning for steepening in the yield curve. However, this was not enough to prevent some negative impact from a flatter yield curve as the spread between 10- and 2-year Treasuries narrowed.

Credit markets remain well supported by resilient growth, easing geopolitical tensions, strong corporate profits and a broadly stable consumer backdrop. With valuations now nearer their historical tight levels, however, we reduced the fund's exposure during the quarter. We continue to favour securitised credit over corporate credit from a valuation and technical perspective, as securitised sectors currently offer a more compelling combination of high-quality carry with limited risk, in our view. The large overweight position in securitised credit is diversified across asset-backed

securities (ABS), commercial mortgage-backed securities (CMBS), residential MBS (RMBS) and collateralised loan obligations (CLOs).

Manager outlook

We believe substantial technology infrastructure investment, AI-driven productivity gains, and stable consumer fundamentals create a favourable economic backdrop.

Visibility on AI infrastructure investment remains strong. We do not believe this is just a 2026 story and expect capital spending to continue supporting growth into 2027 and 2028. Hyperscalers have been growing cash flow and raising capital to fund continued investment, and early indications of productivity gains at enterprises integrating AI into daily workflows support the durability of the cycle. This is a key variable we will continue to monitor.

Beneficiaries of the AI build-out extend well beyond semiconductors. Industrial companies tied to data-centre construction, including electrical equipment, communications, and heating, ventilation and air conditioning (HVAC) firms, have continued to see healthy demand. We also believe financial services companies can benefit from the need to fund this capital investment cycle through equity issuance, fixed income markets, and investment banking activity.

The US consumer remains fundamentally healthy despite a resurgence in inflation. Credit card spending data show stable to slightly accelerating trends that do not support expectations of a broad pullback. We see three underappreciated supports: a less energy-intensive economy, a stable labour market with three years of real wage growth, and household balance sheets in generationally strong shape. In our view, uncertainty caused by higher energy prices has created attractive entry points in consumer discretionary, where restaurants, retail, and travel-related companies now trade below historical valuation ranges despite delivering earnings growth in line with long-term norms.

We think overall equity market valuations remain reasonable in the context of strong earnings growth. While some AI beneficiaries have seen meaningful multiple expansion, other areas, including consumer discretionary, medical technology equipment, and several large semiconductor companies, have experienced multiple compression. This dispersion is creating opportunities for security and industry selection where fundamentals remain strong but valuations have become more attractive.

We continue to monitor risks around AI disruption and labour-market shifts. Advancements in AI models continue to accelerate, creating both opportunities and threats to business models across industries. We believe companies will need to adapt by using AI to improve products, drive efficiency, and strengthen competitive positions. In the labour market, we expect some pockets of dislocation, but also new jobs created as the technology evolves.

In fixed income, the market environment has shifted in recent months. Although energy prices retreated, removing the main recent driver of inflation, a more hawkish and less predictable Fed under its new chair, combined with demand-driven economic strength and increased supply

expectations from AI infrastructure-related issuance, has pushed yields higher and flattened the yield curve. While these higher yields have improved valuations, we believe yields are generally justified by the resilient economy, and we are concerned that a deluge of highly rated, high-quality, investment grade corporate paper could push yields higher.

Our credit outlook remains modestly constructive but focused on security selection rather than macro positioning. We prefer shorter-duration and floating-rate assets that we believe can maximise income and may benefit from reduced policy visibility, and we favour an up-in-quality

bias with an emphasis on credits that have both supportive fundamentals and better market technicals.

Overall, in the current environment we seek to maintain diversified sources of income, actively manage duration risk, and emphasise credit quality and security selection. While near-term uncertainty persists, we view current yield levels as offering attractive long-term potential.

As always, we will adjust individual equity and fixed income holdings, as well as the portfolio's overall mix between equities and fixed income, as we analyse the risks and opportunities in each market.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
A2 USD (Net)	0.25	8.97	3.23	9.35	11.81	5.95	8.87	
Index	-0.47	9.31	6.45	14.76	13.57	7.71	9.43	
Sector	-0.34	7.78	5.56	12.24	10.13	4.21	5.48	
A2 USD (Gross)	—	—	—	—	—	7.95	10.94	
Target	—	—	—	—	—	9.33	11.07	

Calendar year	YTD at Q2	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A2 USD (Net)	3.23	13.41	13.66	13.61	-17.57	15.45	12.60	20.08	-0.95	16.43	3.01	
Index	6.45	13.70	14.25	16.62	-15.52	14.32	14.20	21.03	-2.12	13.29	7.84	
Sector	5.56	12.57	7.23	10.30	-13.96	7.17	6.75	14.92	-6.45	11.52	4.09	

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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 return, from a combination of capital growth and income, while seeking to limit losses to capital (although not guaranteed). Performance target: To outperform the ‘Balanced’ Index (60% S&P 500 + 40% Bloomberg US Aggregate Bond) by 1.5% per annum, before the deduction of charges, over any 5 year period.

For the fund’s investment policy, refer to the Additional fund information on page 5. **Past performance does not predict future returns.**

Fund details

Inception date	24 December 1998
Total net assets	11.66bn
Asset class	Asset Allocation
Domicile	Ireland
Structure	Irish Investment Company
Base currency	USD
Index	Balanced Index (60% S&P 500 / 40% BB US Agg Bond)
Morningstar sector	USD Moderate Allocation
SFDR category	Article 8

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records/scenarios are detailed within the fund's specific KIID/KID; fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID, which must be reviewed before investing. Please consult your local sales representative and/or financial adviser if you have any queries. From 21 November 2025, the Fund's investment policy changed. Effective 31 July 2024, the benchmark of the Janus Henderson Balanced Fund was changed from 55% S&P 500® / 45% Bloomberg US Aggregate Bond to 60% S&P 500® / 40% Bloomberg US Aggregate Bond. Janus Henderson Balanced Fund's investment policy and performance target was changed effective 31 July 2024. Past performance shown before this date was achieved under circumstances that no longer apply. This is an Irish Investment Company regulated by the Central Bank of Ireland. A short-term trading fee may be applied upon exiting the fund as per the prospectus. 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.

Investment policy

The Fund invests 35%-70% of its assets in shares (equities), and 30%-65% of its assets in fixed income (debt) securities, loan participations or cash. Holdings in cash may result from profits due to share class hedging against the base currency, which shall only be held on a temporary basis until such holding is reinvested. At least 80% of its assets are invested in US Companies and US Issuers. The aggregate amount of the Fund which may be invested in securities traded on the developing markets is 10%. Of the 30%-65% portion of the Fund's assets that are invested in fixed income (debt) securities, loan participations or cash, up to 35% of that portion of the assets may be rated below investment grade. The Fund may also invest in other assets including companies and bonds outside the US, cash and money market instruments. The Sub-Investment Adviser may use derivatives (complex financial instruments) to reduce risk, to manage the Fund more efficiently, or to generate additional capital or income for the Fund. The Fund is actively managed with reference to the 'Balanced' Index (60% S&P 500 + 40% Bloomberg US Aggregate Bond), which is broadly representative of the companies and bonds in which it may invest, as this forms the basis of the Fund's performance target. The Sub-Investment Adviser has a high degree of freedom to choose individual investments for the Fund.

Investment strategy

The Sub-Investment Adviser follows an actively-managed approach which blends mainly US equities and bonds, with the ability to position defensively when market volatility is anticipated. The Fund has the flexibility to migrate between 35% and 70% exposure to equities, depending on where the managers are finding the best opportunities in each asset class, as well as their assessment of broader economic conditions. The equity side of the portfolio seeks long-term growth, while the fixed income portion seeks to provide ballast as required.

Fund specific risks

Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result. 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. 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. High exposure to a particular country or geographical region carries a higher level of risk than a more broadly diversified portfolio. 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. In addition to income, this share class may distribute realised and unrealised capital gains and original capital invested. Fees, charges and expenses are also deducted from capital. Both factors may result in capital erosion and reduced potential for capital growth. Investors should also note that distributions of this nature may be treated (and taxable) as income depending on local tax legislation. 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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Janus Henderson
INVESTORS

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

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