Janus Henderson INVESTORS

JANUS HENDERSON CAPITAL FUNDS PLC - JANUS HENDERSON GLOBAL TECHNOLOGY AND INNOVATION FUND

A2 USD ISIN IE0009356076

At a glance

Performance
The Fund returned 4.04%, the Index returned 4.32% and the Sector returned 1.60%.

Contributors/detractors
Amazon.com was a relative detractor, while Nebius was a contributor to relative performance.

Outlook
While supply constraints continue to provide a tailwind to artificial intelligence (AI) infrastructure providers, we favour semiconductor, hyperscalers and software stocks that we believe can perform well across various scenarios.

Portfolio management



Denny Fish



Jonathan Cofsky, CFA

Investment environment

- Global technology stocks faced headwinds against a backdrop of higher interest rates. The Federal Reserve (Fed) raised interest rates by 25 basis points (bps) to 4.0% in September and indicated that further monetary policy tightening was possible.
- AI-related stocks benefited from periods of enthusiasm for the technology, although investors continued to have concerns about valuations and the sustainability of the recent robust pace of industry capital spending.
- Shares of semiconductor and semiconductor equipment companies were strong performers; investors appeared to become more confident in the underlying fundamentals supporting chip stocks. Technology hardware stocks also outperformed.
- Software stocks lagged, with varying performance for companies considered to be beneficiaries of AI versus those perceived to be at risk from AI-driven industry disintermediation.

Portfolio review

Amazon was a relative detractor. Its shares fell due to concerns over the company's rapid capital investment in AI, logistics and fulfilment infrastructure. While this investment cycle has fuelled concerns about near-term cash flow, the company's management team expects this spending to help build on core competencies in ecommerce, cloud computing, digital advertising and grocery retail. In July, Amazon reported strong quarterly results that highlighted the strength of its AWS cloud-computing business.

DoorDash was another relative detractor as the share price fell after rallying earlier in the third quarter. In August, the technology-enabled meal delivery business reported solid second-quarter results that demonstrated continued resilience in its core restaurant business. However, the stock faced headwinds in September due to a higher interest rate environment that pressured longer-duration growth stories. Investors have also been concerned about delays in the company's growth initiatives, including its grocery business and retail expansion efforts.

Nebius Group was a relative contributor. The technology company operates large-scale graphics processing unit (GPU) clusters and data centres in Europe, the US and the Middle East. It also provides AI start-ups, enterprise companies and hyperscalers with additional data centre capacity by renting out powered shells with GPU capacity. The company announced new partnerships with technology companies, which drove further interest in the stock.

Marketing communication
Past performance does not predict future returns.
References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned. There is no guarantee that past trends will continue, or forecasts will be realised.

KLA was also a relative contributor as its shares regained ground after a pullback earlier in the third quarter. KLA is a supplier of semiconductor capital equipment, including process-control, inspection and metrology systems. KLA is expected to benefit if the requirements of AI infrastructure drive increased demand across foundry, DRAM, NAND and advanced packaging. Against this backdrop, the company has increased its full-year 2026 outlook, while signalling the potential for significant growth in 2027.

Manager outlook

We believe that the story of the AI build-out for the remainder of the year and into 2027 is likely to be one of capacity constraints. This is true across memory, optics, GPUs, central processing units (CPUs), components and power. With demand increasing as companies, sovereigns and individuals uncover new ways to deploy AI, we believe this shortfall could persist through to the end of the decade. Consequently, this underpins our constructive view on the AI complex. This optimism is not reserved only for the enablers. As we have discussed in recent quarters, AI enhancers and end users are now participating and seeing measurable operational and financial contribution.

Within AI infrastructure and software, we continue to favour companies that we think could perform well across a wider range of outcomes. As discussed earlier, data racks must upgrade to optical connectivity independent of the rush to build data centres. In software and internet infrastructure, we favour companies whose products we believe help usher in the era of AI agents and inference by storing large amounts of data and offering tools to process it.

There are risks. AI has the potential to disintermediate legacy software segments, including creative applications and those such as web design, where vibe coding may offer a viable alternative. We think products that act as a system of record may be more insulated, as may those with deep vertical capabilities. In many of these areas, growth has decelerated, but that's largely due to AI sucking all the oxygen from technology budgets at the moment. Still, these software companies' unique expertise may buy them time as management teams seek to adapt their products to the AI era. The widening range of outcomes for such names makes us very selective when considering them.

As evidenced by the recent pullback in AI infrastructure stocks, investors perhaps understandably are mindful of a highly concentrated equities market. They may soon be able to witness a litmus test in the form of the anticipated initial public offerings (IPOs) of frontier model labs Anthropic and OpenAI. Should these offerings be well received, they could provide another tailwind for AI enablers. The additional liquidity could also (to a degree) alleviate concerns about the ability to meet the incremental financing required to continue the AI build-out. Furthering that aim could be one (or both) of the newly public companies achieving investment grade credit status.

Financing, on the other hand, does present a remote risk of slowing down the broad AI theme. This year marks the point where AI-related financing needs exceed the operating cash flow of leading hyperscalers. Companies with massive cash engines, often derived from internet or advertising businesses, may be less affected by jittery bond investors or higher interest rates. Companies with concentrated customer bases and meagre cash cushions could be tested should a deceleration in AI investment and deployment occur. While this might be a low probability scenario, it does illustrate the need for investors to gauge the financial position of big spending hyperscalers and their customers.

Performance (%)

	Cumulative				Annualised		
Returns	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**
A2 USD (Net) with sales charge	-1.16	-9.17	24.34	25.34	31.85	13.97	20.05
Index	4.32	4.37	35.40	39.30	38.32	21.42	23.80
Sector	1.60	-0.77	28.37	29.03	30.93	12.12	16.49
A2 USD (Net)	4.04	-4.39	30.88	31.94	34.11	15.15	20.67

Calendar year	**YTD at Q3 2026**	**2025**	**2024**	**2023**	**2022**	**2021**
A2 USD (Net)	30.88	21.08	31.48	51.84	-38.21	15.66
Index	35.40	26.37	31.59	51.02	-31.07	27.36
Sector	28.37	26.42	19.54	37.26	-36.40	12.13

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/09/26. © 2026 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.**

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.

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Fund details

Inception date	31 March 2000
Total net assets	$877.08m
Asset class	Equities
Domicile	Ireland
Structure	Irish Investment Company
Base currency	USD
Index	MSCI ACWI Information Technology Index
Morningstar sector	Sector Equity Technology
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.

Investment objective

The Fund aims to provide capital growth over the long term. The Fund invests at least 80% of its assets in a concentrated portfolio of shares (also known as equities) selected for their growth potential. The Fund may invest in companies of any size, which are technology-related or will benefit significantly from technology, in any country.

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. Shares of small and mid-size companies can be more volatile than shares of larger companies, and at times it may be difficult to value or to sell shares at desired times and prices, increasing the risk of losses. High exposure to a particular country or geographical region carries a higher level of risk than a more broadly diversified portfolio. The Fund is focused towards particular industries or investment themes and may be heavily impacted by factors such as changes in government regulation, increased price competition, technological advancements and other adverse events. If the Fund holds assets in currencies other than the base currency of the Fund, or you invest in a share/unit class of a different currency to the Fund (unless hedged, i.e. seeks to mitigate exchange rate movements between the share/unit class currency and the base currency of the Fund), the value of your investment may be impacted by changes in exchange rates. 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. 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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