Janus Henderson INVESTORS

JANUS HENDERSON CAPITAL FUNDS PLC - JANUS HENDERSON GLOBAL LIFE SCIENCES FUND

A2 USD ISIN IE0009355771

At a glance

Performance
The Fund returned −4.22%, the Index returned −1.79% and the Sector returned −2.05%.

Contributors/detractors
Stock selection in the biotechnology sector detracted the most from performance, as investors favoured what we considered to be more speculative companies with higher valuations.

Outlook
We see a positive backdrop that could enable the healthcare sector to trade more on its innovation, which is central to our investment process.

Portfolio management



Andy Acker, CFA



Daniel Lyons, Ph.D., CFA

Investment environment

- Healthcare stocks fell in September as a broader market sell-off and renewed expectations of “higher-for-longer” interest rates weighed on investor sentiment. Performance in the biotechnology space diverged as investors gravitated toward artificial intelligence (AI)-related stocks, pressuring many of the sector’s most widely owned stocks while driving gains in heavily shorted stocks. The managed care subsector declined after a rebound in the first half of the year, amid concerns around Medicare Advantage firms ahead of midterm elections and uncertainty surrounding the pace of margin recovery into 2027.
- Following a period of turbulence, stability appeared to return to the US Food and Drug Administration (FDA). Dr. Heidi Overton was nominated to head the agency last month and is currently awaiting Senate confirmation. Additionally, the interim directors of both the Center for Drug Evaluation and Research (CDER) and the Center for Biologics Evaluation and Research (CBER) were appointed as permanent leaders, providing greater continuity across key regulatory divisions.
- In a positive step for drug developers, the FDA launched an initiative to streamline and accelerate early clinical trials for new medicines. The program reflects a broader policy effort to keep more research activity in the US, which could help reduce development timelines and improve patient access to innovative therapies.
- FDA approvals remained steady during the month, spanning neurological disorders, diabetes, oncology, thyroid disease, and several rare and ultra-rare conditions. Notable approvals included new therapies for spinal muscular atrophy and Parkinson’s disease, along with a novel PET imaging agent for the diagnosis and monitoring of glioma, a common form of brain cancer.
- Against a backdrop of rising interest rates and increased market volatility, healthcare financing and deal activity moderated in September and was instead concentrated in licensing agreements and targeted asset deals. Notably, several large-cap pharmaceutical companies, such as Eli Lilly and Merck, announced licensing and collaboration agreements with Chinese biotech firms. Among the merger and acquisition (M&A) transactions, radiopharmaceutical company Telix Pharmaceuticals proposed acquiring ITM, expanding its position in the radiopharmaceuticals market.

Marketing communication
Past performance does not predict future returns.
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- Initial public offering (IPO) activity also slowed in September, with just two announced deals. ADARx Pharmaceuticals became the first RNA interference (RNAi) biotech to complete a US IPO in more than a decade, and inflammation-focused Electra Therapeutics also completed its public debut. Despite the September slowdown, 2026 remains on track to be a record year for biotech IPOs, reflecting continued investor interest in innovative healthcare companies and improving capital markets conditions.

Portfolio review

Dyne Therapeutics detracted from performance during the month following disappointing Phase 3 results from a competing myotonic dystrophy type 1 (DM1) therapy, weighing on sentiment for Dyne and its peers. DM1 is the most common form of muscular dystrophy with adult onset. While the news was not company-specific, the outcome prompted investors to reassess the broader DM1 treatment landscape. We remain optimistic about Dyne's clinical pipeline and market prospects, including its potential in Duchenne muscular dystrophy.

Praxis Precision Medicines, a developer of therapies for central nervous system disorders, also detracted. The stock was emblematic of a broader pullback among companies that had generated strong first-half returns on the back of clinical progress, as specialist investors reduced exposure amid a rally in heavily shorted stocks. We remain constructive on the firm's outlook, supported by the potential for clinical data from its epilepsy program in the fourth quarter and the anticipated 2027 approval of its novel therapy for essential tremor, a condition that affects over seven million people in the US and represents a significant unmet medical need.

Biotechnology company United Therapeutics contributed to performance during September. The company, which specialises in pulmonary arterial hypertension, saw its share price rise after a district court ruled that a competitive product infringed patents for United's key drug, Tyvaso. The ruling lifted a significant overhang on the stock and materially reduced a competitive threat. In addition, the FDA accepted a supplemental new drug application for nebulized Tyvaso for idiopathic pulmonary fibrosis (IPF), with a review action date set for April 2027. The market opportunity in IPF and related lung disorders could potentially more than double the addressable market for Tyvaso.

Another contributor was Tarsus Pharmaceuticals, a developer of eye care and dermatology therapies. Its shares rose following the completion of the company's acquisition of Alkeus Pharmaceuticals, which broadens the company's ophthalmology pipeline with a treatment for Stargardt disease. The company also continued to perform well commercially with its marketed therapy for a common eye condition caused by mites.

Manager outlook

Investor enthusiasm for AI-enabled drug discovery has fuelled a narrow rally in select companies, driving valuations to what we consider very high levels, while many fundamentally strong biotech companies have underperformed. We believe this divergence has been driven more by market sentiment and positioning than intrinsic value.

Despite this backdrop, we believe fundamentals remain favourable across several healthcare subsectors. Managed care companies are seeing improving visibility into reimbursement rates and the trajectory of medical cost trends supports confidence in longer-term margin recovery. Meanwhile, life science tools appear poised to benefit from stronger biotech financing activity, healthy pharmaceutical research and development (R&D) spending, and gradually improving demand trends.

Capital-raising activity also remains robust. Even in a higher interest rate environment, biotechnology companies remain a critical source of innovation for pharmaceutical companies as they prepare for significant patent expirations over the coming years.

Looking ahead, we remain optimistic about the healthcare sector, which at the time of writing was trading at a price-to-earnings (P/E) ratio below its long-term average relative to the S&P 500 Index. We expect a steady cadence of clinical data releases to create opportunities across oncology, cardiovascular and neurological diseases, as well as specialised areas such as myotonic dystrophy and achondroplasia.

While the current environment has created a temporary headwind for the portfolio, we remain confident that disciplined stock selection, valuation awareness, and a focus on differentiated clinical innovation may be rewarded over the long term. Within the portfolio, we favour early commercial-stage companies with breakthrough products, several of which are approaching profitability, alongside late-stage development companies we believe are clinically de-risked. Overall, we believe the backdrop remains constructive and that healthcare valuations may increasingly reflect the sector's underlying innovation over time.

Performance (%)

	Cumulative				Annualised		
Returns	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**
A2 USD (Net) with sales charge	-9.01	-6.22	0.78	19.21	10.67	5.46	8.85
Index	-1.79	3.33	5.23	16.38	8.96	5.29	8.86
Sector	-2.05	3.23	3.49	12.21	8.64	1.33	6.18
A2 USD (Net)	-4.22	-1.28	6.09	25.49	12.58	6.55	9.41

Calendar year	**YTD at Q3 2026**	**2025**	**2024**	**2023**	**2022**	**2021**
A2 USD (Net)	6.09	22.66	1.72	5.44	-4.35	4.72
Index	5.23	14.83	1.13	3.76	-5.41	19.80
Sector	3.49	16.77	-0.97	2.67	-13.91	7.12

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.** Please note index returns are net of tax.

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	$5.66bn
Asset class	Equities
Domicile	Ireland
Structure	Irish Investment Company
Base currency	USD
Index	MSCI World Health Care Index
Morningstar sector	Sector Equity Healthcare
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 shares (also known as equities) selected for their growth potential and with a life sciences orientation. The Fund may invest in companies of any size, 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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