

US SMALL-MID CAP VALUE FUND

At a glance

Performance*

The Fund returned 10.19%, the Index returned 18.50% and the Sector returned 21.31%.

Contributors/detractors

Stock selection and an underweight position in the information technology (IT) sector detracted from relative performance. Stock selection in the materials sector contributed to relative performance.

Outlook

We remain on the lookout for what we consider attractively valued companies with high-quality balance sheets and above-average earnings growth potential.

Portfolio management



Justin Tugman, CFA

Investment environment

- Equities rallied amid resilient economic growth, easing geopolitical uncertainty, strong corporate earnings and positive sentiment towards semiconductor producers. Meanwhile, news of a possible ceasefire between the US and Iran helped push the price of crude oil below \$70 per barrel.
- Equity market performance was narrow and favoured a small group of high-beta stocks, especially those with perceived exposure to artificial intelligence (AI). More defensive stocks lagged, while energy stocks declined in line with the price of crude oil.
- The US Federal Reserve (Fed) left policy rates unchanged, but accelerating inflation contributed to expectations of higher-for-longer interest rates.

Portfolio review

Several energy stocks were relative detractors after outperforming in the first quarter. Shares of energy producers Magnolia Oil & Gas and Gulfport Energy declined along with the prices of crude oil and natural gas. Magnolia also faced investor scepticism about the cost and size of a potential acquisition. Despite volatility in oil prices, we remain constructive on the outlook for our energy holdings, given the strength of their operations, balance sheets and capital allocation strategies.

Boyd Group Services was another relative detractor. The owner of automotive collision repair shops has experienced a revenue slowdown, as elevated insurance premiums and higher repair costs have led consumers to defer vehicle repairs, resulting in weaker same-store sales and earnings. We continue to own shares in the company, as we remain confident in the underlying strength of the business.

Positioning in the IT sector detracted from relative performance, as the fund lacked exposure to several AI-related stocks that receive higher weightings in the benchmark and were strong drivers of index returns. We continued to avoid stocks we view as higher risk from a valuation or business fundamentals standpoint. However, several of our holdings benefited from increased spending on AI and data centres. These included Teradyne, a supplier of semiconductor testing equipment that has seen growing demand as chipmakers have looked to expand production. Littelfuse was another contributor. It provides power management solutions to data centres and other end markets. It has also been benefiting from capital investments to modernise the electrical grid. We were disciplined in trimming both stocks following their strong share price performance.

In the industrials sector, relative performance benefited from an investment in Helios Technologies, a supplier of motion and electronic controls technology. Its share price

Marketing communication

For professional investors only

Past performance does not predict future returns.

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*For benchmark and sector, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

rose due to strong revenue and earnings growth. The company has benefited from strong trends in the construction end market, while the agriculture and health and wellness end markets have shown improvement.

Manager outlook

We have been reassured by the strength of the US economy. Consumer spending has remained resilient, as tax refunds helped offset the impact of higher gasoline prices. There are signs of recovery in the industrials sector, which has benefited from better economic growth and a pullback in energy prices. Significant investments in AI could provide a meaningful economic tailwind while adding to inflation pressures in areas such as electronics and utilities. Uncertainty around monetary policy remains a potential source of market volatility, especially as new Fed Chairman Kevin Warsh has signalled the potential for higher interest rates if inflation remains elevated. We also see other potential risks, including pressures in the private credit market and the potential for AI-driven production gains to negatively impact the labour market. We have also

seen risks associated with the recent concentration of equity market performance. However, we were encouraged to see some market broadening in June, along with renewed focus on fundamentals.

We remain committed to a disciplined, bottom-up investment process that seeks high-quality investments that may not yet be recognised by other investors. The recent investor fixation on AI has left some stocks in other areas of the market trading at very attractive valuations in our view, providing us with enticing investment opportunities. This is especially true for small-cap stocks, which we believe continue to be priced attractively relative to large caps. We continue to seek out companies with high-quality balance sheets, strong free cash flow and earnings growth potential that we believe is undervalued by the market.

We thank you for your continued co-investment in the Janus Henderson US Small-Mid Cap Value Fund.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
A2 USD (Net)	1.31	10.19	12.34	22.23	12.76	7.24	8.92	
Index	4.20	18.50	24.16	38.54	19.40	10.54	11.26	
Sector	5.53	21.31	20.24	32.10	15.35	5.64	11.37	
A2 USD (Gross)	—	—	—	—	—	9.33	11.05	
Target	—	—	—	—	—	13.30	14.05	

Calendar year	YTD at Q2											
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
A2 USD (Net)	12.34	3.36	14.77	13.46	-10.27	19.87	2.77	26.04	-9.25	12.29	14.47	
Index	24.16	12.73	10.98	15.98	-13.08	23.99	2.87	26.26	-8.58	13.19	18.40	
Sector	20.24	7.84	11.68	17.09	-23.03	16.72	25.89	25.64	-10.41	16.62	18.92	

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/06/26.
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Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. **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.** Source for target returns (where applicable) - Janus Henderson Investors.

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 capital growth over the long term. Performance target: To outperform the Russell 2500 Value Index by at least 2.5% 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 4.
Past performance does not predict future returns.

Fund details

Inception date	30 November 2000
Total net assets	175.87m
Asset class	Equities
Domicile	Ireland
Structure	Irish Investment Company
Base currency	USD
Index	Russell 2500™ Value Index
Morningstar sector	US Small-Cap Equity

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 30 September 2021, the Fund name changed from Janus Henderson US Strategic Value Fund to Janus Henderson US Small-Mid Value Fund. The benchmark also changed from Russell 3000® Value Index to Russell 2500® Value Index. The Fund's investment objective and performance target also changed. Past performance before 30 September 2021 were achieved under circumstances that no longer apply. From 31 December 2025, Kevin Preloger no longer manages this fund. 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 at least 80% of its assets in a portfolio of shares (also known as equities) of small and medium sized companies in any industry, in the United States. Companies will be incorporated, headquartered, listed on an exchange in, or deriving significant revenue from, the United States. The Fund may also invest in other assets including companies outside the United States, 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 Russell 2500 Value Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target. The Sub-Investment Adviser has discretion to choose individual investments for the Fund with weightings different to the index or not in the index, but at times the Fund may hold investments similar to the index.

Investment strategy

The Sub-Investment Adviser follows a "value" approach to investing which emphasises investments in companies the Sub-Investment Adviser believes are undervalued relative to their intrinsic worth. Value is measured as a function of price/earnings (P/E) ratios and price/free cash flow. The Sub-Investment Adviser will typically seek attractively valued companies that are improving their free cash flow and improving their returns on invested capital. These companies may also include special situations companies that are experiencing management changes and/or are temporarily out of favour.

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. The Fund follows a value investment style that creates a bias towards certain types of companies. This may result in the Fund significantly underperforming or outperforming the wider market. High exposure to a particular country or geographical region carries a higher level of risk than a more broadly diversified portfolio. The Fund invests in real estate investment trusts (REITs) and other companies or funds engaged in property investment, which involve risks above those associated with investing directly in property. In particular, REITs may be subject to less strict regulation than the Fund itself and may experience greater volatility than their underlying assets. 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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