

DIVERSIFIED ALTERNATIVES FUND

At a glance

Performance*

The Fund returned 6.61%, the Index returned 0.96%

Contributors/detractors

Most sectors were positive during the period, with real asset strategies such as infrastructure and renewables delivering the bulk of the performance. On the other hand, commodities detracted.

Outlook

Markets enter the third quarter in a relatively constructive position, supported by easing pressure on global energy markets and continued strength in artificial intelligence (AI)-related investment.

Portfolio management



James de Bunsen, CFA

Investment environment

- Global equities, as measured by the MSCI World Index, rose 13.2% in sterling terms and 13.9% in US dollar terms during the second quarter. They were aided by the prospect of a peace deal in the Middle East and excitement about artificial intelligence (AI).
- Following March's sharp decline, equities rebounded in April as a US/Iran ceasefire eased concerns about a prolonged energy shock, while robust US corporate results and renewed interest in AI provided support.
- The rally continued into May, although flare-ups in tensions in the Middle East pressured equities, as did worries about inflation, possible interest rate rises and slower economic growth.
- While the benchmark index hit a record high at the beginning of June, sentiment was weak overall. Increased pricing pressures heightened expectations that monetary policy would remain restrictive while technology shares dropped amid renewed doubts about the huge investment in AI. News that the US and Iran had signed an initial peace deal cheered investors around mid-June.
- In fixed income, the JPM Global Government Bond Index fell 0.5% in sterling terms and rose 0.2% in US dollar terms.

Portfolio review

After a volatile opening quarter, the portfolio rebounded strongly in the three months to June. While most sectors were positive during the period, real asset strategies such as infrastructure and renewables delivered the bulk of the performance. In particular, mid-market infrastructure names Cordiant Digital and 3i Infrastructure saw their share prices rise, reflecting strong underlying earnings and an improvement in their valuations. The former also benefited from inclusion in the FTSE 250 Index towards the end of June, which necessitated significant buying activity from passive investors.

On the other side of the ledger, it was no surprise to see commodities as the standout detractor, as progress towards a peace deal in the Middle East eased some of the pressure being applied to global commodity markets. This de-escalation also combined with hawkish soundings from the new US Federal Reserve (Fed) chair, Kevin Warsh, to boost real interest rates and the US dollar, creating a challenging blend of headwinds for gold prices. As such, our positions in the WisdomTree Broad Commodities and iShares Physical Gold ETCs were the largest drag on portfolio returns.

Across the period, we made several changes within the portfolio. Notably, we were active in trading renewable energy name Bluefield Solar Income, initially adding to the position based on expectations that its process to find a

Marketing communication

Past performance does not predict future returns.

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*For benchmark/usage and peer group, 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.

buyer could yield good results. Subsequently, we made a full exit after power producer Drax made a cash bid at a significant premium to the undisturbed share price.

We also made two other complete exits from the portfolio during the quarter, one of which was the Foresight Solar Fund. We sold the holding as a source of funding for the enlarged position in Bluefield Solar, given that both were trading on similar valuations, despite the latter having a significant supportive near-term catalyst. The second sale was SDCL Energy Efficiency Income Trust, which had flagged difficulties in finding buyers for its assets as part of an ongoing disposal programme. Subsequent to our sale, the company announced a significant write-down in its net asset value and plans to pursue a managed wind down of its portfolio.

Manager outlook

Looking ahead, we think markets are entering the third quarter of the year in a relatively constructive position. Although the framework agreement signed by the US and Iran looks fragile (evidenced by recent attacks on ships in the Strait of Hormuz), both sides appear to have little appetite for more serious escalation. In the meantime, traffic volumes through the Strait have materially improved, providing a much-needed release valve for the pressure that had been building on global energy supplies.

Despite the ongoing uncertainty, economic data has held up well, with resilient growth figures underpinned by improving business confidence, healthy labour markets,

and a continued surge in AI-related investment. In particular, the latter theme continues to dominate financial markets, as this wave of new investment is driving earnings growth to outsized levels and is widely expected to continue to provide support for equity markets in the second half of this year.

However, this outlook is not without its risks. Inflation remains one potential area of concern, with sticky and above-target figures leading major central banks to take a more hawkish stance in recent weeks, including the newly seated chair of the Fed, Kevin Warsh. Any surprise increase in interest rates could become a concern for markets, particularly given higher valuation levels. Clearly, a breakdown of the ceasefire agreement in the Middle East could also reignite these inflationary concerns and put strain back on what is already a very tight market for energy.

We retain positioning that is neither overly aggressive nor overly cautious and continues to provide a diversified exposure across different themes, strategies and return drivers. However, we currently see infrastructure strategies as a compelling opportunity in this environment, benefiting from a step-change in new investment by both the public and private sector, while also providing some inflation linkage through contractual cash flows. While valuations in the space have already moved, we see scope for this to go further, given strong momentum behind the rally and the potential for new pools of capital to enter the space.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (22/02/13)
I Acc (Net)	0.49	6.61	2.06	3.99	6.20	4.01	5.82	5.55
Index	0.00	0.96	1.60	2.52	2.69	5.04	3.53	2.90
I Acc (Gross)	—	—	—	—	—	4.81	6.59	6.31
Target	—	—	—	—	—	8.20	6.64	5.99

12 month rolling

	Jun 2025-Jun 2026	Jun 2024-Jun 2025	Jun 2023-Jun 2024	Jun 2022-Jun 2023	Jun 2021-Jun 2022
I Acc (Net)	3.99	7.81	6.84	-4.54	6.45
Index	2.52	3.58	1.98	7.95	9.41

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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 capital growth, over the long term. Performance target: To outperform the Consumer Price Index by 3% 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	22 February 2013
Total net assets	137.64m
Asset class	Mixed Asset
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	Consumer Price Index (CPI)

For benchmark/usage description, refer to Additional fund information on page 4.

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 are detailed on the specific KIID, fees and charges may vary and further information can be found in the fund's prospectus and KIID which must be reviewed before investing. Please consult your local sales representative if you have any further queries. 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.

The Consumer Price Index (CPI) is a measure of the change in prices of a basket of consumer goods and services. CPI is used in the UK as a measure of the change in inflation. It forms the basis of the Fund's performance target and provides a useful comparison against which the Fund's performance can be assessed over time.

Investment policy

The Fund invests globally in a diverse portfolio of investments which gain exposure indirectly to alternative asset classes such as private equity, infrastructure, property, commodities and hedge funds. The Fund will invest at least 80% in a combination of closed ended funds (e.g. investment trusts), investment companies, REITs, collective investment schemes (both regulated and unregulated and including those managed by Janus Henderson), exchange traded funds (ETFs), exchange traded notes (ETNs) and fixed interest securities. The Fund may also invest in cash and money market instruments. The Fund may invest up to 20% in bank structured notes. Bank structured notes are complicated customised financial products where the return is linked to the performance of an underlying asset (or assets) such as shares (equities) of companies, bonds issued by companies and governments, and alternative asset classes such as property, infrastructure, commodities, private equity and hedge fund type strategies. The Fund will limit its investment in equities (excluding closed ended funds, investment companies, REITs and ETFs) to no more than 20% and its investment to collective investment schemes (including those managed by Janus Henderson) to no more than 10% of the Fund's net assets. The Investment Manager may use derivatives (complex financial instruments) to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the Consumer Price Index as this forms the basis of the Fund's performance target. The Investment Manager has complete discretion to choose investments for the Fund.

Investment strategy

The Investment Manager seeks to provide investors with a diversified portfolio of alternative assets such as hedge fund strategies, private equity and commodities, with the fund typically having a lower level of volatility when compared to movements in equity markets. The investment team seeks to identify attractive investments through assessing market conditions and conducting due diligence on alternative asset managers.

Fund specific risks

The Fund invests significantly in investment trusts to gain exposure to alternative asset classes and, since investment trusts are listed equities, events impacting the wider equity market are likely to impact the Fund. The Fund invests in other funds (including exchange-traded funds and investment trusts/companies). This may introduce more risky assets, derivative usage and other risks associated with the underlying funds, as well as contributing to a higher level of ongoing charges. Derivatives may be used with the aim of reducing risk or managing the portfolio more efficiently. However, this introduces other risks, in particular, that a derivative counterparty may not meet its contractual obligations. 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. 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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FOR MORE INFORMATION PLEASE VISIT [JANUSHENDERSON.COM](https://www.janushenderson.com)

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

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