Janus Henderson INVESTORS

DIVERSIFIED ALTERNATIVES FUND

At a glance

Performance*
The Fund returned 2.86%, the Index returned 0.77%

Contributors/detractors
Infrastructure and renewable energy strategies were the largest contributors to performance, while property detracted.

Outlook
Markets have continued to climb the wall of worry, despite sticky inflation and a new central bank rate-hiking cycle contributing to rising government bond yields.

Portfolio management



James de Bunsen, CFA

Investment environment

- The sell-off in global bond markets was a key development during the quarter, particularly in September, when long-dated sovereign yields rose to multi-year highs.
- The increase in yields followed sharp gains in oil prices, which raised inflation expectations and increased the likelihood that major central banks might need to tighten monetary policy more aggressively.
- Corporate bonds also weakened and underperformed sovereign issues as credit spreads widened, particularly in high yield bonds.
- Major central banks remained on alert as pricing pressures increased, with the US Federal Reserve (Fed), European Central Bank (ECB) and Bank of Japan (BoJ) all announcing interest rate increases in September.
- The anticipation of tighter-for-longer borrowing conditions helped the US dollar recover from weakness earlier in the quarter to finish slightly higher against a basket of other major currencies. Meanwhile, the yen strengthened against the US dollar, supported by currency interventions and tighter monetary policy.
- Global equities generated a moderately positive return over the quarter, led by Japanese, UK and US stocks, while European, Asian and emerging markets lagged.
- Sentiment towards artificial intelligence (AI) was initially weak as investors worried about companies' significant investments in the technology. However, as some of these fears eased, technology stocks rallied, which supported broader markets during the quarter.
- Oil prices rose strongly, passing $100 per barrel in September before backtracking somewhat. This was due to ongoing supply disruptions attributed to the unresolved US/Iran conflict.
- Gold prices rose to a three-month high towards the end of August but subsequently fell back due to the US dollar's strength and elevated bond yields, finishing the quarter moderately higher overall.

Portfolio review

Despite the large gyrations in broader markets, the fund delivered another robust period of total returns. While higher yields on government bonds can be perceived as a headwind for longer-duration asset classes like infrastructure and renewables, our portfolio holdings remained broadly unfazed and provided the strongest contributions to returns. In particular, shares in Greencoat UK Wind continued to rally, as evidence of the positive impact from higher power prices was demonstrated in its quarterly numbers, and the security of its inflation-linked dividends remained appealing to investors. Elsewhere, the element of our portfolio specifically designed to offer

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.

protection during such environments delivered as intended, as hedge strategies were also a strong contributor during the quarter. Most notably, our trend-following strategy (SocGen CTA) made strong returns from its short positions in bonds and long positions in crude oil.

On the other side of the ledger, the only asset class that detracted from returns was property, for which the sensitivity to rising interest rates is largely unavoidable. Within this, Tritax Big Box REIT was the greatest detractor, partly a function of it being the largest position, but also due to some marginal underperformance versus its peer group. There was no significant news flow during the period that can clearly account for this relative weakness; conversely, there were some positive market soundings around the potential for further expansion at the company's West London Data Centre site.

Across the period we made several changes to the portfolio. Most notable was the continued shift in renewable energy holdings, as we initiated a new position in Greencoat Renewables that was funded by reducing the position in Octopus Renewables Infrastructure Trust. The rationale is that we believe the former has a more viable strategy for self-funded growth, achievable through its scale, balance sheet health, and exposure to the renewables market in Ireland. Elsewhere, we exited the position in Unite Group, where we had received shares as part of the takeover of Empiric Student Property earlier this year. The company is currently undergoing a transitional period, as it looks to reshape its portfolio to better align with the evolving landscape of student living arrangements. In the meantime, we believe there may be better risk-adjusted potential from other positions in the portfolio. In a similar vein, we also received shares in LondonMetric Property and Schroder Real Estate during the period, as their all-share offer to acquire Picton Property Income was completed.

Manager outlook

As we enter the fourth quarter, markets continue to climb the wall of worry and grind steadily higher. This comes despite a backdrop of surging government bond yields, which largely reflects the ongoing stalemate in the Middle East and the upward pressure this is putting on inflation. In particular, prices of refined products like diesel remain extremely elevated, leading central banks to adopt a more hawkish stance. As of today, markets are pricing in three interest-rate hikes in the US over the coming year, which could effectively undo all of the monetary policy easing that was completed in 2025. In addition, fears around the sustainability of government deficit spending have returned to the forefront of investors' minds, particularly in France, which has limited room to combat this by raising taxes further.

The flip side is that economic data has (so far) remained surprisingly resilient. To a large degree, this is being supported by the vast quantities of AI-related investment, in addition to the aforementioned government spending programmes in areas such as infrastructure and defence. As a result, corporate earnings have remained robust and consumers have continued to spend freely, despite having to utilise growing amounts of credit to do so. A key question is whether this resilience can continue in a world of higher borrowing costs.

It is also noticeable that the frequency with which investors are expressing concerns around the AI theme is now becoming more regular. In the past few weeks, AI giants Anthropic and Open AI have both disclosed earnings that contained elements that were not well received by the market, and the pricing of instruments designed to offer protection against default on a company's debt has also been rising in the sector. Given that a large degree of future capital expenditure (capex) may need to be financed by new debt and equity (rather than cash), these fears may need to be contained for the bull run to continue.

In the fund, we retain positioning that is neither overly aggressive nor cautious and continues to provide diversified exposure across different themes, strategies, and potential sources of returns. In recent weeks, we have been proactively trimming positions, particularly in infrastructure, where the year-to-date performance has been strong. This remains one of our highest-conviction sectors in the portfolio, but we believe it is prudent to take some profits, particularly given the risk that further stress in bond markets could start to weigh on asset valuations.

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)	-0.40	2.86	4.98	6.19	7.29	3.71	5.34	5.66
Index	0.00	0.77	2.51	3.12	2.86	5.03	3.57	2.92
I Acc (Gross)	—	—	—	—	—	4.51	6.11	6.42
Target	—	—	—	—	—	8.18	6.68	6.00

12 month rolling	Sep 2025-Sep 2026	Sep 2024-Sep 2025	Sep 2023-Sep 2024	Sep 2022-Sep 2023	Sep 2021-Sep 2022
I Acc (Net)	6.19	3.58	12.30	-1.32	-1.54
Index	3.12	3.78	1.68	6.65	10.10

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.** 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. This is a representative share class for the fund, other share classes are available and may be more suitable for your investment needs.

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	131.19m
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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INVESTORS

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