Janus Henderson INVESTORS

EUROPEAN SMALLER COMPANIES FUND

At a glance

Performance*
The Fund returned −2.91%, the Index returned −3.01% and the Peer Group returned −2.61%.

Contributors/detractors
Elmos Semiconductor, Tecan Group, and Optima Bank contributed, while Better Collective, Flatexdegiro, and Munters detracted from relative performance.

Outlook
We think the outlook for European small-cap stocks is largely dependent on oil prices. Should oil prices ease, we believe they could be well placed to outperform large-cap stocks.

Portfolio management


Rory Stokes, CFA


Ollie Beckett


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Investment environment

- European small-cap stocks fell in September. Markets faced a challenging backdrop as rising oil prices due to a re-escalation of the US-Iran conflict triggered renewed concerns about rising inflation and sent bond yields sharply higher (prices lower). The impact of higher borrowing costs weighed on equities.
- More positively, ongoing enthusiasm for artificial intelligence (AI) supported the performance of companies linked to data centres and the wider infrastructure build-out.
- Economic data was largely positive. The eurozone economy expanded by 0.6% in the second quarter, up from a previous estimate of a 0.4% increase and following no growth in the first quarter. However, France's economy achieved no growth, and political and fiscal uncertainty weighed on French assets.
- The European Central Bank (ECB) raised interest rates for the second time since the US-Iran conflict began and indicated that further monetary policy tightening may be needed. Eurozone annual inflation picked up to a slightly lower-than-predicted 3.2% in August, from July's 2.9% increase, as energy prices remained elevated.

Portfolio review

Many of the top contributors to relative performance at the individual stock level were companies linked to the rebound in AI-related stocks. Shares in Elmos Semiconductor, which manufactures mixed-signal semiconductors used in automotive sensors, resumed their upward trajectory from earlier this year after a period of profit-taking over the summer. Its management's bullish outlook helped underpin investor sentiment.

Tecan Group also contributed to relative performance. Its shares have performed well as a new management team have improved the firm's margins. The Swiss life sciences company manufactures equipment, including liquid handling solutions, that help laboratories automate processes, and has benefited from expectations of increased AI-driven drug development research.

Optima Bank also outperformed as strong loan growth contributed to key analyst upgrades, which boosted the share price of the Greek challenger bank, which was founded in 2000.

Conversely, Better Collective detracted. The Swedish digital sports media firm develops and sells content to iGaming companies and was a recent new addition to the fund due its expanding position in the high-growth predictions market. However, the Brazilian government introduced an unexpected provisional measure to ban

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.

sports betting and online gaming. Although the change prompted Better Collective to adjust its 2026 guidance (forecasts) and caused its share price to fall, the measure is not yet permanent and could be overruled should Brazil's election produce a change in government.

Flatexdegiro also detracted. Shares in the German-listed online trading platform declined following news of disagreements among the company's board that resulted in two resignations and the appointment of a co-CEO. Despite this uncertainty, we think Flatexdegiro remains in a position to benefit from German pension reforms.

Munters was another underperformer. The Swedish climate control solutions firm has continued to benefit from stronger-than-expected demand linked to AI data centres. However, supply chain issues hampered the firm's ability to capitalise on an order backlog. A change in CEO also caused some investor uncertainty, despite what we view as ongoing attractive potential.

In terms of activity, we initiated a position in GN Store Nord, a Danish manufacturer of hearing and listening devices. We believe the firm's plans to sell off its hearing aid business will open up the growth potential of its GN Enterprise business, which is focussed on professional headsets, speakerphones, and video collaboration devices for offices.

We also purchased a position in Ion Beam Applications. The Belgium-based medical technology company specialises in proton therapy for cancer treatment, which is giving it an advantage over much of its competition. The firm has also shown an improved momentum of project execution.

Sales included HomeToGo, a holiday rental marketplace and metasearch engine. We had hoped to see more progress in its B2B segment and were concerned about its cash flow generation track record. We also exited the position in Duerr as we have become less optimistic of a meaningful pick-up in momentum for the German mechanical engineering firm.

Manager outlook

We believe the outlook for European small-cap stocks, along with the wider equity market, is largely dependent on oil prices and events in the Middle East. Should oil prices ease, we would expect a rally in global bond markets, which could then likely spill over into other assets. In this scenario, we believe European small-caps stocks are well placed to outperform, given what we see as their attractive valuations, both on an absolute and relative basis, and their sensitivity to economic growth. Industrials and other sectors closely geared to the economic growth outlook could benefit the most from a fall in energy prices and borrowing rates.

Should oil prices remain elevated, we expect further volatility across global markets as elevated borrowing costs weigh on the economic outlook. However, we think there are still grounds for optimism. European economic data has been increasingly constructive, particularly in Germany and Scandinavia. Corporate fundamentals have remained strong and could continue to improve, supported by encouraging manufacturing Purchasing Managers' Index (PMI) data and signs that the German economic recovery is gaining momentum.

Hyperscaler capital expenditure (capex) is expected to remain robust, which could continue to support demand throughout the AI value chain. A healthy earnings outlook heading into the third-quarter reporting season could provide a tailwind as the capex cycle is broadening beyond AI-related stocks. Any further improvement in demand has the potential to translate into higher revenues and profitability across different sectors. Overall, we believe the fund is well positioned to capture the attractive opportunities available across the European small-cap universe.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (31/01/85)
I Acc (Net)	-2.91	0.82	6.94	10.81	16.34	5.79	11.86	11.95
Index	-3.01	0.72	5.71	9.59	13.50	4.97	8.64	—
Peer Group	-2.61	0.49	4.79	8.24	11.82	2.14	7.02	10.49

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)	10.81	21.64	16.82	13.85	-26.08
Index	9.59	16.70	14.34	13.93	-23.53
Peer Group	8.24	13.19	14.13	11.75	-28.86

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 (5 years or more).

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	28 January 1985
Total net assets	463.31m
Asset class	Equities
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	MSCI Europe ex UK Small Cap Index
Peer group	IA European Smaller Companies

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. 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. From 25 February 2022 the benchmark changed from the EMIX Smaller European Companies Ex UK Index to the MSCI Europe ex UK Small Cap Index. The Fund's investment policy also changed. The past performance shown before this change was therefore achieved under circumstances that no longer apply. 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 MSCI Europe ex UK Small Cap Index is a measure of the combined performance of small and medium sized companies from developed European stock markets. It provides a useful comparison against which the Fund's performance can be assessed over time.
The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The Fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

Investment policy

The Fund invests at least 80% of its assets in shares (also known as equities) of smaller companies, in any industry, in Europe (excluding UK). Companies will be incorporated, headquartered, listed on an exchange in, or deriving significant revenue from, this region. The Fund may also invest in other assets including Collective Investment Schemes (including those managed by Janus Henderson) and cash. The Investment Manager may use derivatives (complex financial instruments) to reduce risk or to manage the Fund more efficiently. The Fund is actively managed. The MSCI Europe ex UK Small Cap Index is broadly representative of the companies in which the Fund may invest and can provide a useful comparator for assessing the Fund's performance. The Investment Manager has discretion to choose investments for the Fund with weightings different to the index or not in the index. As an additional means of assessing the performance of the Fund, the IA European Smaller Companies sector average, which is based on a peer group of broadly similar funds, may also provide a useful comparator.

Investment strategy

The Investment Manager focuses on meetings and calls with company management, along with the use of quantitative filters, to identify potential companies for investment. Emphasis is placed on the robustness of a company's business model, an analysis of what drives the business, its competitive advantages and the sustainability of returns. The Fund maintains a well-diversified portfolio of companies which generally fall within the bottom 25% of their relevant market by way of size. The liquidity of any stock (the degree to which shares can be quickly bought or sold in the market at a price reflecting its intrinsic value) is important in determining whether to invest and the size of the holding for the Fund.

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