

MULTI-ASSET ABSOLUTE RETURN FUND

At a glance

Performance*

The Fund returned 4.24%, the Index returned 0.94%

Contributors/detractors

Most sectors were positive during the period, with real asset strategies such as infrastructure and renewables contributing the bulk of performance. By contrast, commodities detracted from performance.

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, due to the prospect of peace in the Middle East and excitement about artificial intelligence (AI).
- Following March's sharp decline, equities rebounded in April as a US/Iran ceasefire reduced 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, investor 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 first quarter, the portfolio performed strongly in the three months to June. While most sectors were positive during the period, it was real asset strategies such as infrastructure and renewables that delivered the bulk of the performance. In particular, mid-market infrastructure firm 3i Infrastructure saw its share price rise from a combination of strong underlying earnings, and an improvement in its valuation. A standout contribution was also made by our long/short equity strategy managed by Plurimi, particularly towards the end of the period where both the long and short books were able to capitalise on elevated levels of stock dispersion.

On the other side of the ledger, it was no surprise to see commodities as the standout detractor, as progress on 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 Federal Reserve (Fed) chair Kevin Warsh to boost real interest rates and the US dollar, creating a toxic 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 performance.

Across the period we made several changes within the portfolio. As highlighted above, we initiated a new position in the WisdomTree Broad Commodities ETC, serving a dual purpose as both a hedge against further escalation in

Marketing communication

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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.

the Middle East, and as a source of potential long-term returns. Reasons to support the latter include stockpiling activities, export controls in critical resources, significant demand growth from areas like AI and defence spending, and the potential impact of a La Nina weather cycle.

Elsewhere, we also completely exited the position in The Unite Group, the UK-based owner and manager of PBSA (purpose-built student accommodation). We received a combination of cash and shares in this company when it acquired portfolio holding Empiric Student Property earlier this year. However, after a strong run in its share price through May and June, we decided to switch into what we perceive to be a less cyclical and more structurally supported holding in Sequoia Economic Infrastructure.

Manager outlook

Looking ahead, markets enter the third quarter of the year in a relatively constructive position. Although the framework agreement signed by the US and Iran looks fragile (as evidenced by recent attacks on ships in the Strait of Hormuz), both sides appear to have limited 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 also 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 supporting 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 adopt a more hawkish stance in recent weeks, including the newly seated chair of the Fed, Kevin Warsh. Any surprise in the number of interest rate hikes could concern markets, particularly given the rich levels of valuations. 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.

Within the fund, we retain positioning that is neither overly aggressive nor cautious and continues to provide a highly diversified exposure across different themes, strategies, and potential drivers of returns. However, we currently see infrastructure strategies as a particularly attractive opportunity in this environment, as they have been benefiting from a step-change in new investment by both the public and private sector, while also providing a degree of inflation linkage through contractual cash flows. While valuations in the space have already moved, we believe there may be scope for this to go further given the 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 (01/10/04)
I Acc (Net)	-0.06	4.24	2.27	4.79	5.59	4.43	3.60	3.19
Index	0.31	0.94	1.88	4.00	4.78	3.59	1.99	2.05

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)	4.79	4.52	7.47	-0.52	6.07
Index	4.00	4.91	5.46	3.26	0.41

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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 a positive (absolute) return, regardless of market conditions, over any 12 month period. A positive return is not guaranteed over this or any other time period, and particularly over the shorter term the Fund may experience periods of negative returns. Consequently your capital is at risk. Performance target: To outperform the UK Base Interest Rate, after the deduction of charges, over any 3 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	04 October 2004
Total net assets	69.99m
Asset class	Mixed Asset
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	UK Base Interest Rate

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. 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 UK Base Interest Rate is the interest rate set by the Bank of England. It is the performance target of the Fund.

Investment policy

The Fund invests in a range of asset classes including company shares (also known as equities), bonds and collective investment schemes (other funds including those managed by Janus Henderson) and Exchange Traded Funds. The Fund may invest up to 30% 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 collective investment schemes (including those managed by Janus Henderson) to no more than 10% of the Fund's net assets. The Fund may also invest in other transferable securities, cash and money market instruments and derivatives. The Investment Manager may use derivatives (complex financial instruments), including total return swaps, with the aim of making investment gains in line with the Fund's objective, to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the UK Base Interest Rate as this forms the basis of the Fund's performance target. The Investment Manager has complete discretion to choose investments for the Fund and is not constrained by a benchmark.

Investment strategy

The Investment Manager seeks to provide investors with a diversified portfolio of assets with an emphasis on 'alternatives' such as hedge fund strategies, property and commodities - as well as traditional assets such as bonds and company shares (equities) - with the overall fund having low or modest correlation to equity and bond markets. The investment team seeks to identify attractive funds by assessing market conditions and conducting due diligence on alternative asset managers. The portfolio will have a significant proportion invested in funds which in their own right seek positive (absolute) returns in varying market conditions.

Fund specific risks

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

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