

CAUTIOUS MANAGED FUND

At a glance

Performance*

The Fund returned 5.44%, the Index returned 3.64% and the Peer Group returned 6.52%.

Contributors/detractors

In equities, Samsung shares contributed to performance. In fixed income, the overweight duration position contributed to relative performance, while the holding in Southern Water detracted.

Outlook

We continue to focus on what we consider to be high-quality, well-capitalised and resilient companies, given the uncertain geopolitical backdrop.

Portfolio management



Andrew Jones



David Smith, CFA



James Briggs, ACA, CFA

Investment environment

- The FTSE All-Share Index rose 4.7% in the second quarter, rebounding from March's weakness. Equities rallied strongly in April as a ceasefire between the US and Iran reduced concerns about a sustained energy shock, while robust US corporate earnings and renewed enthusiasm for artificial intelligence (AI) supported sentiment.
- Gains extended into May, although intermittent flare-ups in Middle East tensions, alongside concerns about inflation, interest rates and slowing economic growth, led to periods of volatility. While the market reached a record high in early June, momentum faded later in the quarter amid lingering uncertainty around the durability of the peace process and the macroeconomic outlook.
- In June, Prime Minister Keir Starmer announced his resignation, following the Labour Party's large losses in May's local elections.
- The Bank of England (BoE) kept interest rates on hold, having initially warned that it could tighten borrowing conditions, although it subsequently lowered its inflation expectations, which reduced the chances of an interest-rate hike.
- Annual inflation rose to 3.3% in March, before easing to 2.8% in both April and May, marking the lowest level in over a year. Sterling weakened against the US dollar

over the quarter, which reflected political uncertainty in the UK, the lower probability of a BoE interest rate increase and the strength of the US currency. The oil price fell 38% as anticipation over the reopening of the Strait of Hormuz given the US and Iran's ceasefire put pressure on the commodity.

- Mid-cap stocks outperformed large-cap stocks, with the FTSE 250 Index up 9.8% versus the FTSE 100 Index which was up 4.0%. Given the fall in the oil price, cyclical sectors outperformed, with consumer discretionary, financials and real estate performing well, while energy, telecoms and healthcare lagged.
- Sterling corporate bond markets delivered modestly positive returns, outperforming government bonds as improving risk sentiment supported credit spreads.
- By contrast, UK government bonds were impacted by global inflation concerns and domestic political stability, with the yield on the 10-year gilt soaring to its highest level since the Global Financial Crisis in 2008 (although yields fell over the quarter as a whole, meaning prices rose).

Portfolio review

The fund's off-benchmark position in Samsung Electronics continued to be a strong contributor to the equity portfolio, as the company reported record profits driven by artificial intelligence (AI)-related demand for its memory chips.

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.

Elsewhere, the fund's holdings in DCC, XP Power and Renishaw were also positive. Shares in DCC outperformed after the company reported it had received a bid approach from a private equity consortium comprising Energy Capital Partners and KKR. XP Power and Renishaw both outperformed as improving order trends and stronger demand from semiconductor customers increased confidence in the outlook for earnings growth for each company.

Within fixed income, the portfolio's duration (interest rate risk) position was the biggest contributor, followed by its credit beta exposure. Sector allocation was also positive, although security selection proved to be a slight negative, mainly due to choices across the water utilities sector. From a single-issuer perspective, insurer Athene and a bond issued by the Church Commissioners for England delivered some of the strongest quarterly contributions. By contrast, Southern Water detracted.

During the quarter, we initiated a position in Bunzl, a distributor of essential consumable products to businesses across a wide range of end markets. We believe the operational issues in its North American division, which had weighed on the share price, have been resolved. Additionally, we felt that the valuation was not fairly reflecting the cash-generative business model and disciplined capital allocation, which has helped compound Bunzl's earnings growth over the long term. Funding came from the sale of Beazley following its acquisition by Zurich Insurance.

In the fixed income portfolio, we took profits from a number of issuers that we had bought at depressed levels during the volatility in the previous quarter. These included high-quality financial services companies exposed to private credit, an area which had come under pressure but

subsequently rallied in recent months, supported by continued earnings growth and investors resuming focus on individual company fundamentals rather than avoiding the sub-sector as a whole. We continued to be active in the primary markets but reduced the portfolio's overall credit risk.

Manager outlook

Any cessation of hostilities in the Middle East and a consequent fall in the oil price could bode well for the UK economy. It now seems less likely that there will be interest rate rises, with inflation at a more manageable level. A change in UK Prime Minister may create some investor nervousness regarding future tax and spending plans. However, UK consumers, businesses and the banking system remain in generally strong financial health, which has helped support the UK economy through periods of uncertainty in recent years. Furthermore, UK equities remain attractive to us relative to other markets, with domestically exposed stocks in particular trading at a significant discount. As a result, the portfolio has a blend of domestic and more internationally exposed companies.

From a fixed income perspective, we remain broadly constructive on the prospects for sterling investment grade bonds but acknowledge that valuations are now back to near-historic tights, leaving little room for error. Corporate fundamentals continue to look reasonably strong, while investor demand for investment grade credit showed no sign of abating at the time of writing. As a result, we continue to hold a small credit beta overweight position for the time being, but are gradually shifting the portfolio into higher-quality issues.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (03/02/03)
I Acc (Net)	0.90	5.44	4.29	11.69	9.45	4.48	4.69	5.94
Index	0.68	3.64	4.10	12.81	10.81	5.14	5.33	6.69
Peer Group	0.47	6.52	5.47	12.51	9.23	4.13	4.85	5.30
I Acc (Gross)	—	—	—	—	—	5.25	5.45	6.70
Target	—	—	—	—	—	6.72	6.91	8.29

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)	11.69	5.96	10.79	0.35	-5.38
Index	12.81	8.29	11.40	0.24	-5.79
Peer Group	12.51	5.78	9.50	1.16	-7.14

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/06/26. © 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 a return, from a combination of income and capital growth over the long term. Performance target: To outperform the 50% FTSE All Share + 50% ICE Bank of America Sterling Non Gilt Index by 1.5% 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	01 February 2003
Total net assets	679.79m
Asset class	Mixed Asset
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	50% FTSE All Share/50% ICE Bank of America Sterling Non-Gilt Index
Peer group	IA Mixed Investment 20-60% Shares sector

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. From 1 July 2020, the benchmark changed from 50% FTSE All Share/50% ICE Bank of America ML 5-15 Year Sterling Non Gilt Index to 50% FTSE All Share/50% ICE Bank of America Sterling Non Gilt Index. Past performance before 1 July 2020 is shown for the previous benchmark. From 30th October 2024, Stephen Payne no longer manages this fund. 100% of the Annual Management Charge is taken from capital. 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 50% FTSE All Share + 50% ICE Bank of America Sterling Non Gilt Index is a composite index reflecting 50% exposure to shares listed on the London Stock Exchange and 50% exposure to corporate bonds. 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.

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 in shares (also known as equities) and bonds of governments, companies or any other type of issuer, in any country. At all times the investment in equities will be limited to a maximum of 60% of the value of the Fund's portfolio and the Fund will normally have a strong bias towards UK companies and bonds. Companies and bond issuers may be of any size, in any industry. The Fund may also invest in other assets including Collective Investment Schemes (including those managed by Janus Henderson), cash and money market instruments. 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 50% FTSE All Share + 50% ICE Bank of America Sterling Non Gilt Index, which is broadly representative of the securities in which it may invest, as this forms the basis of the Fund's performance target. The Investment Manager has a high degree of freedom to choose individual investments for the Fund. As an additional means of assessing the performance of the Fund, the IA Mixed Investment 20-60% Shares sector average, which is based on a peer group of broadly similar funds, may also provide a useful comparator. Investors should note that many funds in the sector peer group have a more global focus than the Fund, based on a peer group of broadly similar funds, may also provide a useful comparator.

Investment strategy

The Investment Manager looks to balance the long-term growth and income potential of equities with the more stable returns offered by bonds and cash. The strategy has the flexibility to adjust to changing market conditions by altering the level of exposure to the different asset classes. In managing the equity portion of the portfolio, the Investment Manager will typically follow a value investment style, seeking companies it believes to be undervalued by the market that may be more resilient in periods of economic uncertainty.

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. In respect of the equities portfolio within the Fund, this 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. An issuer of a bond (or money market instrument) may become unable or unwilling to pay interest or repay capital. If this happens or the market perceives this may happen, the value of the bond will fall. When interest rates rise (or fall), the prices of different securities will be affected differently. In particular, bond values generally fall when interest rates rise (or are expected to rise). This risk is typically greater the longer the maturity of a bond investment. 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. 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. Some or all of the ongoing charges and other costs of the Fund may be taken from capital, which may erode capital or reduce potential for capital growth. 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

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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