Janus Henderson INVESTORS

CAUTIOUS MANAGED FUND

At a glance

Performance*
The Fund returned −1.07%, the Index returned 0.34% and the Peer Group returned −0.12%.

Contributors/detractors
The equity holding in IG Group detracted, while Hilton Food Group contributed. In fixed income, overweight duration exposure detracted from relative performance, while Southern Water contributed.

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 2.4% in the third quarter. Favourable corporate results, encouraging economic data and a buoyant energy sector offset concerns about geopolitical stresses, government borrowing, inflation and weakness in global bond markets.
- Equities performed strongly in July, while further gains in August pushed the benchmark to a record high. However, September saw a modest reversal as concerns over inflation and interest rates resurfaced.
- Domestic economic activity remained relatively resilient, with GDP growing by 0.5% in the second quarter, following 0.6% growth in the first quarter. GDP growth in June and July was stronger than expected.
- The Bank of England (BoE) kept its benchmark interest rate unchanged at 3.75% during the quarter, although it warned in September that rates could need to rise if inflationary pressures associated with the conflict in the Middle East intensify.
- Annual inflation increased from 2.6% in June to 3.1% in August, adding to concerns over the path of monetary policy.
- Sterling was broadly unchanged against the US dollar over the quarter, having reached a six-month high in August before giving back its gains in September. This was as expectations of potentially more aggressive monetary policy tightening by the US Federal Reserve (Fed) supported the dollar.
- Political uncertainty also remained a feature of the UK market, with Andy Burnham becoming the UK's seventh prime minister in 10 years in July and announcing a number of significant policy proposals in September. However, few of these policies are expected to be implemented in the near term.
- Mid-cap companies outperformed large-cap companies, with the FTSE 250 Index gaining 7.4% versus the FTSE 100 Index, which rose 1.8%.
- In terms of sectors, energy delivered the strongest performance due to oil supply disruptions caused by the unresolved conflict in the Middle East. Technology and industrials also delivered positive returns, while healthcare, real estate and utilities stocks lagged.
- Sterling-denominated corporate bonds fell. They were dragged down by the government bond market, which sold off given renewed concerns about rising inflation.
- While spreads widened, credit markets were more resilient, supported by reasonably healthy corporate fundamentals and a relatively benign economic backdrop.

Marketing communication
Past performance does not predict future returns.
References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned. There is no guarantee that past trends will continue, or forecasts will be realised.
*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.

- Credit spreads among non-financial sectors widened less than those across financials.

Portfolio review

The position in IG Group detracted from performance as investors reacted negatively to the online trading and financial services company's plan to acquire Underdog, a US sports betting business. In addition to concerns about US regulatory risk, the deal prompted IG Group to issue new shares, which diluted existing investors' ownership, and suspend its share buyback programme until 2027. Given the rebound in the oil price, the underweight position in Shell also hindered relative performance.

Elsewhere, the overweight position in Hilton Food Group was one of the equity portfolio's strongest contributors after the company announced interim results, completed the sale of one of its businesses and upgraded its profit outlook. The portfolio's below-market exposure to AstraZeneca also contributed to relative performance after the failure of two late-stage drugs in development dented market confidence.

In fixed income, the portfolio's duration (interest rate risk) position was the biggest detractor, given the sell-off across government bond markets. Asset allocation was a positive contributor, in particular overweight allocations to asset-backed fixed income and an underweight position in the insurance sector. Security selection was a noteworthy contributor, primarily due to choices across the water utilities sector. From a single-issuer perspective, exposure to US sub-investment grade technology companies such as CoreWeave and Roblox hindered performance, while Southern Water delivered one of the strongest quarterly contributions as the UK water utility sector recovered over the quarter.

In the equity portfolio, we initiated a new position in Weir, the manufacturer of pumps, valves and replacement parts for the mining industry. Its large installed base supports resilient aftermarket revenues and strong cash generation. Exposure to mine expansion, productivity improvements and demand for critical minerals provides an attractive long-term growth opportunity that we believed was not fully reflected in the valuation. Funding came from the sale of DCC after it was subject to a bid approach.

In the fixed income portfolio, we took advantage of the volatility and increased credit beta exposure at what we felt was a more attractive entry point than had been available of late. Additions were idiosyncratic rather than sector-specific and were sourced mainly from the buoyant new-issue market. Additions included a new sterling issue from Amazon, an off-benchmark euro issue from Deutsche Telekom, as well as new positions in Renault and Bupa. Conversely, we took partial profits from our water utility positions but continue to favour the sector's prospects.

Manager outlook

Even though UK inflation remains elevated, this appears to be mainly due to higher energy costs. While it now seems likely that there could be an interest rate rise in November, we continue to believe that significant further increases may not be needed. 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, corporate earnings remain robust while UK equities appear attractive to us relative to other markets, with domestically exposed stocks in particular trading at a significant discount. As a result, the portfolio holds a blend of domestic and more internationally exposed companies.

From a fixed income perspective, we remain broadly constructive on sterling investment grade bonds, particularly following the recent spread widening and somewhat improved valuations. Although geopolitical uncertainty, the impact of higher energy prices and inflation, along with the financing requirements associated with artificial intelligence (AI) investment, continue to pose risks, corporate fundamentals appear resilient, and the high yields available offer attractive carry.

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)	-1.69	-1.07	3.17	7.73	8.55	4.11	4.03	5.83
Index	-1.52	0.34	4.45	9.10	10.18	5.08	4.67	6.64
Peer Group	-1.05	-0.12	5.34	8.22	9.22	3.94	4.23	5.24
I Acc (Gross)	—	—	—	—	—	4.88	4.78	6.59
Target	—	—	—	—	—	6.66	6.24	8.24

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)	7.73	5.77	12.26	9.73	-12.86
Index	9.10	9.84	11.64	10.70	-13.48
Peer Group	8.22	7.37	12.14	4.24	-10.69

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 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	655.37m
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. 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.

FOR MORE INFORMATION PLEASE VISIT **JANUSHENDERSON.COM**

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INVESTORS

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

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