Janus Henderson INVESTORS

EUROPEAN ABSOLUTE RETURN FUND

At a glance

Performance*
The Fund returned −9.54%, the Index returned 0.94%

Contributors/detractors
Positive long positions included ABN AMRO and TotalEnergies, while Nokia and STMicroelectronics detracted. Short positions in a real estate company and an automotive platform contributed, while a telecommunications company detracted.

Outlook
We continue to see an attractive level of stock dispersion across European equities, which we believe may be creating opportunities on both the long and short side.

Portfolio management



Robert Schramm-Fuchs

Investment environment

- The third quarter was a challenging period for equity markets, as anxiety about pricing pressures, geopolitical tensions and sharp rises in bond yields (falling prices) weighed on investor sentiment.
- The benchmark hit a record peak in August, supported by robust corporate earnings, a rebound in semiconductor and artificial intelligence (AI)-related infrastructure stocks, and economic optimism. However, it reversed course in September.
- The European Central Bank (ECB) continued to indicate that it could raise its key deposit rate, which it did in the final month of the quarter. It also signalled that further monetary policy tightening might be needed.
- Rising bond yields, higher oil prices, ongoing geopolitical tensions in the Middle East and renewed political uncertainty across several European economies combined to create a cautious market backdrop.

Portfolio review

Against this backdrop, both the long and short books detracted from performance.

In the long book, the largest detractors included semiconductor and AI-related holdings such as STMicroelectronics and Nokia. Semiconductor stocks came under pressure in July, breaking several important technical support levels, despite generally resilient corporate earnings and limited fundamental deterioration. Another notable detractor was Sweden-listed housing platform Hemnet. Its shares weakened alongside broader housing-related equities as higher bond yields weighed on the sector, while the company's decision to pause its share buyback programme added further pressure.

On the positive side, a number of European bank holdings performed well, alongside our energy positions, which benefited from renewed geopolitical tensions in the Middle East. These included Greek bank Piraeus, Dutch bank ABN AMRO and TotalEnergies. Measurement technology group Hexagon was a particularly notable contributor, delivering a strong set of results and benefiting from reporting later in the period, when some of the more acute rotation dynamics had begun to ease.

In the short book, share prices of several positions rallied despite limited evidence of improving fundamentals, including a German personal care products company that benefited from the broader counter-momentum shift. We also experienced an idiosyncratic adverse move in a telecommunications short position following sizeable share

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.

purchases by a prominent investor, prompting us to exit the position. A tactical short position in a recruitment agency also proved unsuccessful, and we closed it out as it reached the stop-loss level of -15%.

Conversely, positive contributors came from a broad range of idiosyncratic positions, including an alternative asset manager, a cell tower operator, a real estate company and an automotive platform.

In terms of fund positioning, we have continued to reduce broader thematic and sector exposures in favour of a more diversified portfolio of stock-specific opportunities. During the quarter, we reduced European banking sector exposure, while our semiconductor positioning remains more balanced, reflected in a modest net short position, as we continued AI-related investment amid signs that parts of the supply chain may be moving beyond peak rates of growth. At the same time, on the long side we maintain exposure to companies we view as potential AI beneficiaries that have lagged the initial phase of the investment cycle, particularly within software and IT services. Conversely, we continue to hold short positions in areas where we believe the disruptive implications of AI may remain underappreciated, including online marketplaces and home security, for example.

Manager outlook

Looking ahead, our near-term outlook remains constructive, despite recent volatility. Corporate earnings revisions across much of the European investment universe remain supportive, and the breadth of opportunities continues to expand beyond the narrow group of stocks that has dominated market performance in recent months. While we are closely monitoring signs of moderating liquidity growth and the potential implications for economic activity during 2027, these signals remain preliminary and are not yet reflected in corporate fundamentals.

If the outlook deteriorates, we remain prepared to adapt portfolio positioning accordingly. More importantly, we continue to see an attractive level of stock dispersion across European equities, which we believe is creating opportunities on both the long and short side. Reflecting this, the portfolio currently holds a broader range of positions than usual, driven by our view that the most attractive opportunities are increasingly idiosyncratic rather than dependent on broad market or sector trends.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (29/01/09)
I Acc (Net)	-2.51	-9.54	-2.51	0.68	7.76	4.39	5.35	5.75
Index	0.31	0.94	2.83	3.87	4.61	3.73	2.05	1.38
Target	—	—	—	—	5.66	4.77	2.59	1.68

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)	0.68	6.90	16.27	8.50	-8.68
Index	3.87	4.60	5.38	4.13	0.74

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.

Performance fees may be charged before the Fund's outperformance target is reached.

Performance fees are charged separately as a way of rewarding the investment manager for superior returns or for outperforming specified targets. A Performance Fee is accrued where the NAV outperforms the relevant Hurdle NAV (subject to a High Water Mark). For further explanation of the performance fee calculation methodology please see the relevant prospectus, available at www.janushenderson.com.

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 SONIA +1% per annum, 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	26 January 2009
Total net assets	23.00m
Asset class	Alternatives
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	SONIA

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 June 2021, the benchmark changed from the UK Base Interest Rate to SONIA. The Fund's investment policy and performance target changed. Past performance shown before 01 June 2021 was 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.
SONIA stands for Sterling Overnight Index Average. SONIA reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions. SONIA is the basis for 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 in shares and makes extensive use of derivatives (complex financial instruments) to take both 'long' and 'short' positions in companies the Investment Manager believes will either rise in value (long positions) or fall in value (short positions) meaning that the Fund may benefit from either scenario. The Fund will hold a significant proportion of its assets in cash and money market instruments as a result of holding derivatives and for when the Investment Manager wishes to take a defensive stance. The Fund may also invest in Collective Investment Schemes (including those managed by Janus Henderson). Conversely, the Fund may also employ 'leverage' (so that the Fund can invest a greater amount than its actual value) when the Investment Manager has greater confidence in the opportunities available. At least 80% of the exposure to the long and short positions (in aggregate) will be to companies of any size, in any industry, in Europe(including UK). Companies may be located or do most of their business in this region. The balance of the long and short exposure may be to companies outside this region. The Investment Manager may also use derivatives (complex financial instruments) to reduce risk or to manage the Fund more efficiently. The Fund is actively managed and makes reference to SONIA as this forms the basis of the Fund's performance target and the calculation of performance fees (if applicable). The Investment Manager has complete discretion to choose investments for the Fund and is not constrained by a benchmark.

Investment strategy

The Investment Manager targets long-term capital appreciation through exposure primarily to European equities. The manager selects stocks using a fundamental approach, blended with sector themes. The process results in a high-conviction portfolio with a bias towards long positions (where the manager believes the prospects for the companies are positive), complemented by 'short positions' (where prospects are less positive) and other market hedging securities.

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. High exposure to a particular country or geographical region carries a higher level of risk than a more broadly diversified portfolio. 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. The Fund involves a high level of buying and selling activity and as such will incur a higher level of transaction costs than a fund that trades less frequently. These transaction costs are in addition to the Fund's ongoing charges. 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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Source: Janus Henderson Investors, as at 30 September 2026, unless otherwise noted.

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