Janus Henderson INVESTORS

# EUROPEAN FOCUS FUND

## At a glance

**Performance***
The Fund returned −4.10%, the Index returned −2.92% and the Peer Group returned −2.81%.

**Contributors/detractors**
ABN AMRO, Prysmian and TotalEnergies contributed, while UBS, Fresnillo and LVMH detracted from relative performance.

**Outlook**
Attention has shifted towards the interest rate outlook, with developments in bond markets likely to remain a key driver of asset returns and market leadership in the coming months.

## Portfolio management



**Robert Schramm-Fuchs**



**Marc Schartz, CFA**

## Investment environment

- European equities declined in September as higher energy prices, rising government bond yields, and political and fiscal uncertainty outweighed resilient economic data.
- Germany and France led declines among the major equity markets, while continued strength in energy and select technology stocks helped offset weakness elsewhere.
- Escalating tensions in the Middle East pushed oil prices above $100 per barrel, adding to inflationary pressures. Equities recovered periodically as oil prices retreated and hopes emerged for diplomatic progress between the US and Iran, although bond yields rose to multi-year highs and remained a significant headwind.
- More positively, economic data pointed to continued resilience. According to a 'flash' estimate, the composite Purchasing Managers' Index (PMI) increased to 53.1 in September—a three-and-a-half-year high—from 52.0 the prior month. Both the services and manufacturing sectors contributed.
- 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

Overall, more rate-sensitive sectors, particularly banking, continued to perform well in September, while select technology stocks exposed to the artificial intelligence (AI) theme also posted gains. In the portfolio, stock dispersion was relatively subdued during the month, with limited variation in returns across individual stocks.

In our European banking holdings, Dutch lender ABN Amro was a notable contributor to relative performance. The sector continued to benefit from expectations of higher-for-longer interest rates, while ABN Amro was also boosted by positive sentiment towards its restructuring efforts.

Renewed optimism about AI-related investment drove a rebound in some semiconductor and broader AI-ecosystem stocks, including Italian cable maker Prysmian (a new position during the month). The firm is a direct beneficiary of the AI theme via its fibre division, but also offers significant exposure to investments in electricity grids, an area we believe is supported by strong long-term structural growth.

Shares in food retailer Ahold Delhaize also added value, in what was a strong month for more defensive areas of the

**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.

market. US dollar strength was a further tailwind, given the firm's significant exposure to the US.

Elsewhere, the holding in TotalEnergies outperformed, as oil prices edged higher over the month.

By contrast, detractors included the holding in Swiss lender UBS. Uncertainty surrounding proposed changes to capital requirements in Switzerland has continued to weigh on the stock. While discussions appear to be in the final stages, a lack of visibility on the final outcome has led to some volatility in the share price.

Precious metals miner Fresnillo also weighed on returns. The sector came under pressure in September as gold and silver prices fell amid the surge in global bond yields and the strengthening of the US dollar.

French pharmaceutical company Ipsen underperformed amid concerns about heightened competition for its key Somatuline drug after a competitor received approval for a generic version of the drug in the US.

Finally, shares of luxury goods firm LVMH fell as concerns about weaker consumer spending, particularly in China, weighed on sentiment.

In terms of activity, we made changes to holdings in what we see as potential beneficiaries of AI, adding new positions in Rexel and the aforementioned Prysmian. We viewed both stocks as attractively valued relative to other stocks exposed to the AI theme. We initiated the position in French electrical supplies firm Rexel after the company announced plans to acquire CGC, a US-based specialty infrastructure platform. The transaction prompted a capital raise, which we participated in. In return, we took profits in an existing AI-related holding, Infineon Technologies, as we felt that the valuation had become less compelling.

We also narrowed the underweight position in the consumer staples sector by adding consumer packaged goods platform Coca-Cola HBC. The company has a history of solid earnings compounding. A pending acquisition of a stake in Coca-Cola Beverages Africa may support growth prospects in Africa, in our view.

Other sales included UniCredit. We exited the position after a strong run of performance. While we remain constructive about the banking sector, recent gains and robust earnings upgrades led us to begin to moderate the position. Elsewhere, we sold the position in travel operator TUI, as higher oil prices have made the risk-reward profile of an asset-heavy operator like TUI less attractive to us.

## Manager outlook

The situation in the Middle East remains fluid, with intermittent signs of diplomatic progress between the US and Iran continuing to alternate with renewed outbreaks of hostilities. This prolonged period of uncertainty has meant expectations for higher inflation have persisted. It has also contributed to the recent rise in global long-term bond yields to multi-year highs. As a result, investor attention has shifted decisively towards the outlook for interest rates. We think developments in bond markets are likely to remain a key driver of both asset returns and market leadership through the remainder of the year.

Another important debate centres on the durability of the AI investment theme that has dominated equity markets for much of the past two years. While companies exposed to semiconductors and AI infrastructure have continued to deliver strong growth and earnings momentum, history suggests that sharp reversals in share-price leadership can precede a moderation in underlying expectations for growth. Against this backdrop, we adopt a balanced stance towards the AI theme. At the same time, we retain overweight positions in sectors that tend to be sensitive to yields, such as financials and energy.

In Europe, the economic backdrop has continued to improve gradually since the start of the year. Leading indicators have shown increasing signs of stabilisation, most notably in Germany, where the manufacturing PMI returned to expansionary territory for the first time in over three years in January and gradually strengthened thereafter towards a multi-year high. This improvement has been reinforced by a broadly supportive second-quarter earnings season, as well as renewed reform momentum. Here, Germany unveiled a significant reform package in early July which included measures aimed at pension reform, labour-market liberalisation and bureaucratic simplification.

In managing the portfolio, we remain focused on bottom-up stock selection, maintaining balanced exposure across cyclical and typically more defensive businesses. We also seek to selectively position the portfolio to benefit from both Europe's global champions and areas offering leverage to an improving domestic economic backdrop.

## Performance (%)

| Returns | Cumulative | | | | Annualised | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 Month | 3 Month | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since inception (31/01/01) |
| I Acc (Net) | -4.10 | -6.04 | 1.46 | 8.19 | 15.36 | 10.42 | 10.71 | 7.87 |
| Index | -2.92 | -2.55 | 7.51 | 14.47 | 15.07 | 9.88 | 10.08 | 6.89 |
| Peer Group | -2.81 | -1.63 | 6.90 | 12.15 | 12.86 | 7.51 | 8.71 | 6.32 |

| 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) | 8.19 | 20.83 | 17.46 | 23.70 | -13.57 |
| Index | 14.47 | 15.47 | 15.28 | 20.51 | -12.78 |
| Peer Group | 12.15 | 11.82 | 14.63 | 18.98 | -16.01 |

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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 return, from a combination of capital growth and income 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** | 31 January 2001 |
| **Total net assets** | 956.25m |
| **Asset class** | Equities |
| **Domicile** | United Kingdom |
| **Structure** | OEIC |
| **Base currency** | GBP |
| **Index** | FTSE World Europe (Ex UK) Index |
| **Peer group** | IA Europe ex UK Equity |

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. As of 02 July 2026, the Janus Henderson European Mid and Large Cap Fund merged into the Janus Henderson European Focus Fund. 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 FTSE World Europe (Ex UK) Index is a measure of the combined performance of large and medium sized companies from developed and advanced emerging European stock markets excluding the UK. 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 a concentrated portfolio of shares (also known as equities) of companies, of any size, 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 portfolio may be concentrated in terms of its number of holdings and/or the size of its largest holdings. 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 FTSE World Europe Ex UK Index, which is broadly representative of the companies in which it may invest, as this 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 Europe ex UK sector average, which is based on a peer group of broadly similar funds, may also provide a useful comparator.

## Investment strategy

The Investment Manager seeks to capture performance by anticipating the catalysts for change in European companies and industries. The investment process blends compelling company-specific stories with sector themes, with a goal of providing access to sustainable long-term growth trends. This results in a portfolio of typically 30 to 50 mainly well-known larger companies and under-researched mid-sized companies. Smaller companies are not normally a significant focus of the portfolio.

## 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. When a portfolio is concentrated (has a significant portion of its assets invested in a limited number of holdings), an adverse event impacting even a small number of holdings could create significant volatility or losses. 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.

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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