Janus Henderson INVESTORS

PAN EUROPEAN FUND

At a glance

Performance*
The Fund returned 19.26%, the Index returned 19.39% and the Sector returned 15.27%.

Contributors/detractors
Positive contributors to fund performance included several of our bank stocks as well as Siemens Energy and Rheinmetall. ASML, Adidas and Nemetscheck were among the detractors.

Outlook
We remain positive about the outlook for European equities, which combine exposure to powerful global trends and a potential economic revival driven by meaningful change and structural reforms.

Portfolio management

Robert Schramm-Fuchs

Marc Schartz, CFA

Investment environment

- European equities delivered strong gains in 2025, helped by easier borrowing conditions alongside rising defence and infrastructure spending in Europe.
- Concerns about US import tariffs weighed on investor sentiment at times, particularly following US President Donald Trump's April "Liberation Day" announcement. However, trade relations later improved, and the EU reached an agreement with the US to reduce tariffs.
- The European Central Bank (ECB) implemented four 25 basis point (bps) rate reductions in the first half of the year, lowering the deposit rate to 2.0%, although it announced no further cuts. Inflation was largely rangebound near the ECB's 2% target, easing from an annual rate of 2.5% in January to 2.0% in December.
- Eurozone GDP growth was somewhat lacklustre, but optimism about the expansionary fiscal policies and pro-growth reforms aided equity performance. Third-quarter GDP growth was upgraded to 0.3%, which marked an improvement from the second quarter's 0.1% expansion.
- The euro gained markedly against the US dollar, hitting a four-year high in mid-September. This was largely due to the divergence between monetary policy in the US and the eurozone.
- Political turmoil continued in France, where a fourth prime minister in a year was appointed and lawmakers failed to agree the 2026 budget, pushing the negotiations into the new year.

Portfolio review

Several of the holdings in the European banking sector, including UniCredit, Erste Bank, BBVA and Deutsche Bank, were among the leading positive contributors. These lenders posted strong results over the year, reflecting the more favourable operating environment for the sector. European banking stocks continued to look reasonably valued to us, despite greatly improved profitability and stronger balance sheets, and even as regulation is potentially becoming less of a headwind.

Siemens Energy (a new purchase during the year) was another outperformer. The firm provides equipment and services to the power industry and has benefited from sustained favourable supply-demand dynamics in the gas turbine market, driven by increasing global energy demand. Rheinmetall (another new purchase) also boosted performance. Shares in the German defence company performed well for much of the year amid the anticipated increases in defence spending in Germany and across Europe.

Conversely, detractors included ASML. The Dutch semiconductor capital equipment company succumbed to

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*For benchmark and sector, 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.

weakness in the technology sector earlier in the period, caused by concerns about some firms' large artificial intelligence (AI)-related capital spending programmes. We subsequently sold ASML but reinvested in September. Although this allowed us to benefit from a rally that began in mid-July, not holding the stock earlier in the third quarter adversely impacted performance.

Shares in Adidas also underperformed. Although the sportswear firm posted some strong financial results during the year, including record third-quarter revenues, its shares underperformed due to concerns about the impact that trade tariffs would have on costs and sales. We subsequently exited the position to allocate funds to stocks where we have higher conviction.

German design and construction software company Nemetschek also weighed on relative gains. Performance was solid early in the period, but as the year progressed investors became increasingly speculative about possible AI disruption on software businesses. Information and analytics company RELX and advertising and communication firm Publicis were also impacted by concerns about AI disruption.

In terms of activity, several of the aforementioned bank stocks were new additions during the year. Other purchases in the sector included ABN Amro, FinecoBank and UBS. Swiss healthcare company Roche was another new position. The company has faced challenges for some time, due to concerns about upcoming patent expiries for some of its key drugs. However, there were some positive developments in terms of the firm's new product pipeline in November, including favourable results from an early read-out of a clinical trial for its experimental breast cancer drug. Spanish multinational electric utility Iberdrola was another addition. The stock has substantial exposure to electricity grids, which we view as a key area of long-term structural growth as the rising share of renewables adds greater volatility to electricity supply. We also purchased civil engineering and infrastructure firm ACS, and building materials company Heidelberg Materials, which we think stand to benefit from the increased fiscal spending plans in several countries.

Given the difficulty in predicting with any certainty which companies will ultimately thrive as AI leaders and which may face significant challenges, we sold out of the aforementioned Publicis. We also took profits in SAP and exited the holding amid the uncertainty about the impact of AI. Elsewhere, we initially scaled back the position in Novo Nordisk early in the year before fully exiting the position due to concerns about the competitive backdrop for its weight loss drug in the US. We also reduced the fund's exposure to the AI theme, exiting the positions in BESI and ASM International, in order to consolidate our semiconductor equipment exposure in ASML, where we feel prospects are more compelling at this point.

Manager outlook

2025 was a strong year for European stock markets, with most indices delivering double-digit gains. One of the key attractions of the European market is its combination of exposure to powerful global trends and optionality linked to a revitalisation of domestic economic prospects. After several years of subdued growth, this domestic revival theme gained prominence in 2025, driven by the prospect of a broad reform agenda encompassing defence capabilities, competition policy, EU coordination on industrial policy, grid modernisation, digitalisation, and regulatory reforms in the financial sector. The latter aims to mobilise Europe's vast excess savings and capital to improve and deepen funding conditions for the real economy – a lever we view as the most impactful card European authorities still have to play.

Taking stock after a busy twelve months with many corresponding initiatives launched, it seems like the rate of change is swinging in the right direction. However, while notable progress has been made in areas such as defence capability rebuilding, German infrastructure initiatives, the easing of regulatory burdens on supply chain reporting and electric vehicle (EV) transition, reforms at the EU level continue to advance more slowly and less comprehensively than we would like. Against this backdrop of disappointingly lengthy timelines when it comes to EU reforms, we believe this is an opportune moment to become more selective on domestic opportunities and to re-emphasise the global dimension of the opportunity set available in the European market. Global macroeconomic tailwinds–driven by anticipated monetary policy easing and a likely more stable trade environment–should provide a supportive backdrop for Europe's global champions.

We continue to manage the fund with a focus on idiosyncratic stock selection and, in this context, maintain a balanced portfolio comprising a mix of cyclical and typically more defensive stocks.

Performance (%)

Returns	Cumulative				Annualised		
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
A2 EUR (Net)	2.73	6.16	19.26	19.26	14.52	10.87	7.53
Index	2.67	6.25	19.39	19.39	14.51	11.21	7.68
Sector	2.34	5.15	15.27	15.27	11.95	8.43	5.89

Calendar year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A2 EUR (Net)	19.26	4.45	20.59	-9.33	22.97	2.17	29.06	-12.17	7.16	-0.56
Index	19.39	8.59	15.83	-9.49	25.13	-3.32	26.05	-10.57	10.24	2.58
Sector	15.27	6.72	14.06	-13.14	22.99	-0.91	24.51	-12.72	10.06	-0.24

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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.

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	29 September 2000
Total net assets	1.35bn
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	MSCI Europe Index^{SM}
Morningstar sector	Europe Large-Cap Blend Equity
SFDR category	Article 8

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

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/scenarios are detailed within the fund's specific KIID/KID; fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID, which must be reviewed before investing. Please consult your local sales representative and/or financial adviser if you have any queries. From 3 February 2025, Tom O'Hara no longer manages this fund, Robert Schramm-Fuchs and Marc Schartz, CFA now also manage this fund. From 1 September 2025, Tom Lemaigre no longer manages this fund. This is a Luxembourg SICAV Fund, regulated by the Commission de Surveillance du Secteur Financier (CSSF). Ongoing charge represents the ongoing costs to the fund, which includes the AMC and other charges for services such as keeping a register of investors, calculating the price of the fund's units or shares and keeping the fund's assets safe. 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. The ongoing charge is calculated using the PRIIP methodology. The PRIIP methodology differs to the UCITS ongoing charge methodology, as the PRIIP methodology captures additional recurring charges, including but not limited to: Interest paid on borrowing (e.g. bank interest); Any fees incurred in relation to stock-lending activity (i.e. the fee paid to the lending agent); Any costs associated with holding closed-ended vehicles. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.

Investment policy

The Fund invests at least two-thirds of its assets in shares (equities) and equity-related securities of companies, of any size, in any industry, in Europe (including UK). Companies will have their registered office in or do most of their business (directly or through subsidiaries) in this region. The Fund may also invest in other assets including 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 MSCI Europe 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. Depending on prevailing market conditions the Fund's portfolio may shift between 'high conviction' (whereby the manager will take significant risk relative to the index) and a more cautious stance. This means the performance of the Fund may at times differ significantly from the index, while at other times it may be more closely aligned.

Investment strategy

The Investment Manager looks to anticipate catalysts for change in companies and industries based on fundamental research and thought leadership, in order to construct a portfolio of large companies complemented by mid-size company opportunities with the potential to enhance the Fund's overall returns. Smaller companies are not normally a significant focus of the portfolio.

Fund specific risks

Shares/Units 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. If a Fund has a high exposure to a particular country or geographical region it carries a higher level of risk than a Fund which is more broadly diversified. The Fund may use derivatives 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. mitigated by taking an offsetting position in a related security), the value of your investment may be impacted by changes in exchange rates. 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 within the Fund 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 could lose money if a counterparty with which the Fund trades becomes 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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