

EUROPEAN SELECTED OPPORTUNITIES FUND

At a glance

Performance*

The Fund returned 14.10%, the Index returned 12.52% and the Peer Group returned 12.67%.

Contributors/detractors

Nokia, STMicroelectronics and ABN Amro contributed to performance, while TotalEnergies, Shell and Alstom detracted.

Outlook

Positive economic signals since the start of the year have begun to reassert themselves, helping push European equity indices to new all-time highs towards the end of June.

Portfolio management



Robert Schramm-Fuchs



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Investment environment

- European equities rose in the second quarter, as investors grew more optimistic that easing tensions in the Middle East would limit the harm caused to the regional and global economies.
- Some favourable corporate results and renewed enthusiasm about artificial intelligence (AI) also boosted investor sentiment.
- The European Central Bank (ECB) turned increasingly hawkish as pricing pressures increased. Annual inflation accelerated to a two-and-a-half-year high of 3.2% in May from 2.6% in March, and the ECB raised its key deposit rate by 25 basis points (25bps) to 2.25% in June.
- Meanwhile economic data was mixed. Eurozone GDP contracted by 0.2% over the first quarter, following 0.2% growth over the fourth quarter of 2025. More positively, eurozone Purchasing Managers' Index (PMI) data suggested that private sector contraction eased in June.
- In June, news that the US and Iran had signed a 'memorandum of understanding' cheered investors. However, the situation remained tenuous, as the two sides exchanged military strikes in late June before a subsequent agreement to halt fighting and resume talks.

Portfolio review

Top positive contributors to the fund's relative performance included several holdings exposed to the AI theme, as renewed investor enthusiasm lifted the shares of so-called AI 'enablers'.

Nokia and STMicroelectronics benefited from optimism about rising demand for optical networking needed in the AI data centre ecosystem. While the consensus is bullish about the growth of data centres, optical networking could expand at an even faster rate in our view, as the shift from copper-based networks to optical fibre accelerates.

ASM International and NXP also added value. Dutch semiconductor equipment company ASM reported strong first-quarter results, underpinned by robust AI-related demand. Semiconductor manufacturer NXP's results also exceeded expectations, although the main driver here was the strong momentum in the automotive segment.

Having no position in Deutsche Telekom, one of the larger positions in the benchmark, also proved beneficial. Its shares came under pressure amid concerns that satellite-based services could disrupt the telecoms industry, a risk brought into sharper focus by SpaceX's successful initial public offering (IPO). A number of our banking holdings, including Austrian lender Erste Group, Spain's Banco Santander and ABN Amro, were also among the top performers. The sector fared well as investors turned more positive about prospects for the European economy and the outlook for bank earnings.

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.

On the other side, oil and gas companies TotalEnergies, Shell and Technip were among the biggest detractors. Their shares fell as oil prices weakened amid hopes of a peace deal between the US and Iran.

German defence company Rheinmetall was another notable detractor. Its shares fell following the news that the German government had cancelled its multi-billion-euro frigate programme, for which Rheinmetall had been expecting to sign a contract imminently. While the cancellation could have a limited impact on actual earnings, the news soured investor sentiment towards the stock, as it raised concerns about the outlook for future orders.

Alstom also underperformed. Shares in the French-listed rail transport solutions business fell after the firm issued a significant profit warning, amid delays to some projects.

In terms of activity, we established a position in Schneider Electric. As a European leader in electrical infrastructure equipment, the firm has been a key beneficiary of the AI boom. Schneider Electric has a broad product offering spanning energy management and industrial automation, including critical power and cooling technology for data centre customers. We also bought Infineon, a leading semiconductor manufacturer specialising in power semiconductors and microcontrollers. We believe the German firm is well positioned to benefit from favourable long-term trends including data centre growth and electrification.

Industrial gases company Linde was another new position. The company operates in a market with oligopolistic characteristics, high barriers to entry and stable growth underpinned by take-or-pay contracts. In addition, we think Linde is positioned to benefit from favourable structural tailwinds in the space and electronics segments. Rocket launches require substantial volumes of industrial gases, while semiconductor manufacturing plants also depend heavily on gases.

On the sales side, we cut our losses in Alstom and Lonza. Swiss contract development and manufacturing organisation Lonza has made solid progress under the current management team. However, these efforts have not had a meaningful impact in our view.

We also sold the holding in Italian defence firm Leonardo. While the company's fundamentals remain sound, the outlook has been clouded by governance issues following a lack of clarity around the departure of the CEO.

Elsewhere, with the risk of meaningful escalation in the Middle East receding, we trimmed the position in oil firms by exiting Eni and Equinor.

Manager outlook

With the US and Iran having ultimately engaged in negotiations, and the risk of a further escalation in hostilities appearing to recede, we believe geopolitical uncertainty may have peaked for now.

Against this backdrop, inflation expectations have moderated and the prospect of a renewed monetary policy tightening cycle has diminished. Taken together, these developments are supportive of economic activity and financial markets.

The positive economic signals observed since the start of the year, such as German manufacturing PMI returning to expansionary territory for the first time in more than three years, have begun to reassert themselves. This has helped propel European equity indices to fresh all-time highs towards the end of June.

One of the enduring attractions of the European equity market, in our view, is its combination of exposure to global growth themes and meaningful optionality linked to an improvement in domestic economic prospects. After several years of subdued growth, this domestic recovery narrative gained traction throughout 2025, supported by a broad reform agenda encompassing defence spending, industrial policy, power-grid modernisation, digitalisation and financial-sector reforms aimed at mobilising Europe's substantial pool of excess savings.

Following initial enthusiasm and some tangible steps forward, most notably in defence investment and selected areas of deregulation, progress at the EU level has proven uneven and slower than expected. As momentum behind reform and broader structural change appeared to be fading once again, Germany unveiled a significant reform package in early July, including measures aimed at pension reform, labour-market liberalisation and bureaucratic simplification. While considerably more remains to be done, these latest announcements may signal a renewed commitment to reform. Although this domestic recovery theme warrants close monitoring through the second half of the year, we think the outlook for many of Europe's "global winners" remains attractive, particularly in technology and technology-related sectors where underlying demand trends remain robust.

In managing the portfolio, we continue to focus on bottom-up stock selection, maintaining balanced exposure across cyclical and defensive businesses while selectively positioning the portfolio to benefit from both Europe's global champions and areas offering domestic recovery potential.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (31/08/84)
I Acc (Net)	2.80	14.10	6.29	16.93	13.43	9.40	10.45	12.99
Index	2.84	12.52	10.32	23.50	15.46	10.62	11.31	—
Peer Group	1.96	12.67	8.67	17.44	12.64	8.21	9.84	10.61

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)	16.93	7.05	16.59	22.00	-12.00
Index	23.50	9.89	13.43	19.64	-10.08
Peer Group	17.44	8.96	11.68	18.65	-12.50

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 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	01 September 1984
Total net assets	1.66bn
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. 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. 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 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 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 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 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. 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.

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

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