Janus Henderson INVESTORS

HORIZON PAN EUROPEAN ABSOLUTE RETURN FUND

At a glance

Performance*
The Fund returned −2.43%, the Index returned 0.21%

Contributors/detractors
Software, oil majors and non-bank financial holdings drove long-book performance while banks detracted. Short-book hedges and artificial intelligence (AI) short positions contributed, while we replaced more defensive short positions.

Outlook
Tighter liquidity and rising rates typically favour defensive over cyclical stocks. We think semiconductors are particularly vulnerable. An end to conflict in Iran and Ukraine represents key upside risk.

Portfolio management



Robert Schramm-Fuchs

Investment environment

- We have seen a shift in the market towards more defensive stocks.
- Cyclical stocks fell, led in particular by semiconductor stocks.

Portfolio review

The long and short books detracted fairly evenly from performance over October in what was a difficult month for the portfolio. Fortunately, at the time of writing, the beginning of November has (so far) proven much better, and a significant portion of these losses had been recouped.

In October, the key long book contributors included stocks labelled "AI losers", such as software company Dassault Systemes, information services provider Wolters Kluwer, and information technology (IT) consultancy Reply. A second group of positive contributors came from our oil major long positions in Shell and TotalEnergies. Non-bank financial stocks, such as insurer Talanx and industrial holding company Investor AB, also contributed.

The major detractors in the long book were predominantly made up of bank stocks, including BBVA, Erste Group, NatWest, Piraeus and Santander. Bank stocks underwent a significant correction during the month as the third-quarter earnings season did not lead to the seemingly now-customary upgrades. While banking sector earnings estimate revisions flatlined, we think the stocks remain of good quality and are back at very attractive valuation multiples, which is why we have held on to most of them. A second (smaller) group of detractors came from precious metals stocks such as Pan African Resources and Fresnillo. We were too early in our investments here as we felt falling bond yields (rising prices) would lead to a resumption of the fiat currency debasement trade, which was so strong in recent years. At the time of writing, it indeed looks to have resumed as gold prices have returned to well over $4,000 after briefly dipping below this critical level.

On the short side of the book, positive contributions came from our EuroStoxx banks index hedge position, a EuroStoxx 50 index hedge, and a semiconductor ETF index options hedge. The latter hedge on semiconductors became available to us for the first time ever with the UCITS-compliant listing of options on the SEMI NA ETF in late October (previously there was no UCITS-compliant sector hedge available). We expect this semiconductor index hedge to play a regular role in the future, and the present holding has continued to pay off well in the early days of November. Beyond the semiconductor index hedge, we also benefited from single stock short positions in various "AI winner" holdings.

Marketing communication
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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.

Detractors in the short book included typically more defensive stock short positions, such as a home security provider following press speculation of going-private, a chocolate manufacturer despite a profit warning, and our long-standing short position in a cellphone tower company. Given the market shift towards more defensive stocks, as well as considering the idiosyncratic investment cases, we subsequently closed out and replaced all these short positions. This has proved a contributor to the portfolio's good start to November.

Manager outlook

Our current macroeconomic view is that real narrow money creation is weakening due to the withdrawal of liquidity by central banks across an extended series of rate hikes. The ‘cost’ of money is rising again. This tends to be reflected first in early-cycle indicators such as new orders in the purchasing managers’ index series, which in turn tends to lead consensus earnings estimates with some time lag.

Hence, the recent shift in market composition towards more defensive stocks and a decline in cyclical stocks makes sense to us. Semiconductor stocks have been leading cyclical stocks to the downside. Of course, there are ongoing AI-specific debates, but ultimately many of them come down to the same core question: a rising ‘cost’ of money and available funding sources becoming scarcer. This is consistent with the classic early-cycle behaviour of semiconductor stocks. We currently assume a net short position.

We believe that an end to the conflicts in Iran (for the global economy) and in Ukraine (predominantly for the European economy) could represent key upside risks.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (01/12/06)
A2 EUR (Net)	-2.43	-5.88	-7.38	-7.38	5.37	1.11	3.02	3.46
Index	0.21	0.59	1.77	2.11	2.82	2.19	1.07	-0.37
Target	—	—	—	—	3.85	3.14	1.54	-0.14

12 month rolling	Sep 2025-Sep 2026	Sep 2024-Sep 2025	Sep 2023-Sep 2024	Sep 2022-Sep 2023	Sep 2021-Sep 2022
A2 EUR (Net)	-2.70	4.22	14.83	5.35	-10.69
Index	2.06	2.57	3.96	2.59	-0.46

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/10/26. © 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.

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 the Euro Short Term Rate (€STR) by at least 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	01 December 2006
Total net assets	220.51m
Asset class	Alternatives
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	Euro Short Term Rate
Morningstar sector	Long/Short Equity - Europe
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. 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/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 1 July 2021, the benchmark changed from the Euro Main Refinancing Rate to the Euro Short Term Rate (€STR). The Fund's investment policy and performance target changed. Past performance shown before 1 July 2021 was achieved under circumstances that no longer apply. From 25 February 2022, the Fund changed its performance target. Past performance shown before 25 February 2022 was achieved under circumstances that no longer apply. This is a Luxembourg SICAV Fund, regulated by the Commission de Surveillance du Secteur Financier (CSSF). 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.

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. 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 two-thirds 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 Fund may invest in other assets including bonds (including convertible bonds) and preference shares. The Investment Manager may also use derivatives to reduce risk or to manage the Fund more efficiently. The Fund is actively managed and makes reference to the Euro Short Term Rate (€STR) as this forms the basis of the Fund's performance target and the calculation of performance fees (if applicable). For currency hedged Share Classes, the rate that corresponds with the relevant Share Class currency is used as the basis of the performance comparison and for calculating performance fees. 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. The sustainability approach applied may exclude potential investments which do not meet certain criteria (e.g. non-financial criteria such as ESG screens). This may cause differences in performance compared to similar products that are permitted to invest in those investments.

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