Janus Henderson INVESTORS

HORIZON PAN EUROPEAN SMALLER COMPANIES FUND

At a glance

Performance*
The Fund returned −0.77%, the Index returned 1.67% and the Sector returned 0.34%.

Contributors/detractors
IG Group, Suss MicroTec and Elmos Semiconductor detracted, while Ionos Group, Karnov and Young's & Co's Brewery contributed positively to performance.

Outlook
While the risks of elevated energy prices and borrowing costs remain, we think European small-cap stocks could benefit from strong fundamentals and what we see as favourable relative valuations.

Portfolio management



Ollie Beckett



Rory Stokes, CFA



Julia Scheufler, CFA

Investment environment

- Investor sentiment was generally weak in the first half of the month, as higher bond yields and oil prices stoked concerns about economic growth. Renewed scepticism about the high levels of capital expenditure (capex) for artificial intelligence (AI) infrastructure caused technology stocks to sell off globally.
- European markets were also hurt by worries about the French government's finances and political stability. The country also faced protests, mostly over economic grievances.
- More positively, European stocks were aided by their typically more defensive characteristics amid technology-sector volatility. Third-quarter corporate results were also largely encouraging.
- The eurozone economy remained unexpectedly resilient, growing by 0.4% over the third quarter, which was better than expected. However, the composite Purchasing Managers' Index (PMI) declined to a weaker-than-anticipated 51.9 in October from 53.1 in September, partly due to a slowdown in France.
- The European Central Bank (ECB) left interest rates on hold but indicated it could tighten monetary policy in December. Eurozone annual inflation accelerated to a more than three-year high of 3.8% in September, from August's 3.2% increase.

Portfolio review

IG Group was among the leading detractors in October, partly due to ongoing investor concerns about the UK-based derivatives trading and spread betting platform's acquisition of Underdog Sports Holdings, a US fantasy sports prediction markets operator. IG Group also released disappointing third-quarter revenues, which deepened the sell-off. However, we retain our conviction in the stock after the firm's Capital Markets Day addressed many of the concerns, including how changes to its risk model impacted revenues. We believed the shares were undervalued at the time of writing following the recent weakness, and we consequently increased the position.

Other detractors included stocks caught up in the wider AI-related sell-off, including Suss MicroTec and Elmos Semiconductor. Suss, which manufactures bonding machines and other equipment for semiconductor production, was also impacted by supply-chain issues, which prompted a downgrade of its current-year guidance (forecasts) despite a strong order pipeline in 2027. Meanwhile, the broad-based sell-off of semiconductor stocks caused shares in Elmos Semiconductor to fall despite its focus on automotive sensors rather than AI data-centre expenditure.

On the positive side, some of the leading contributors were stocks that had experienced weakness earlier in the year when they were deemed "AI losers". The pivot in October away from stocks connected to the AI build-out benefited

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.

many of these previously overlooked firms, including Ionos Group, a German web-hosting and cloud-computing provider, and Karnov, a Swedish information and workflow solution provider for the legal and auditing professions.

UK pub chain operator Young's & Co's Brewery also aided relative performance. The company announced strong first-half results in late September, and momentum carried into October when UK economic data and a relatively calm reaction to the government's Autumn Budget supported sentiment. Additionally, Young's & Co's Brewery was added to the FTSE 250 Index in October, which could expand the investor base.

In terms of activity, we initiated positions in Aixtron, which makes equipment that is key to helping the industry switch to gallium nitride and silicon carbide semiconductors, and Merlin Properties, a Spanish real estate firm with exposure to the data-centre build-out. Despite the recent downturn in AI-related stocks, we remain confident that capex can continue at a robust pace and view periods of weakness as opportunities to add to positions in select stocks.

Gerresheimer was another new purchase. The German-listed pharmaceutical packaging manufacturer has underperformed in recent years amid a merger and acquisition (M&A) cycle that investors viewed as adding too much debt. However, a new management team has sold assets, creating a more streamlined core business, which we think, at the time of writing, looks attractively valued.

We also participated in the initial public offering (IPO) of Finnish defence technology firm Sensofusion. The company's specialisation in drone and drone-detection systems has driven rapid expansion. Given its global customer base and exposure to current geopolitical hotspots, we believe Sensofusion has the potential to continue to grow.

On the sales side, we exited UK firms Bodycote, a heat treatment and metallurgical technology firm, and Gamma Communications, a provider of Unified Communications as a Service (UCaaS) and cloud telephony, as both had agreed to takeover offers from private equity companies. We also profitably sold the position in UK engineering company IMI and UK private equity firm ICG. We also sold out of market research company IPSOS, as recent management changes have caused some uncertainty around its direction.

Manager outlook

We believe the outlook for European small-cap stocks, along with the wider equity market, is largely dependent on oil prices and events in the Middle East. Should oil prices ease, we think small-cap stocks could be well placed to outperform, given what we see as their attractive valuations, both on an absolute and relative basis, and their sensitivity to economic growth. Industrials and other sectors closely geared to the economic growth outlook could benefit the most from a fall in energy prices and borrowing rates.

Should oil prices remain elevated, we expect further volatility across global markets as elevated borrowing costs weigh on the economic outlook. However, we think there are still grounds for optimism. European economic data has been constructive, with PMI data still in expansionary territory, despite the uncertainty in France. Corporate fundamentals have remained strong and could continue to improve. With US midterm elections out of the way, political risk out of the US is reduced.

Despite the market's recent jitters and the ongoing risks related to the concentration of capital spend on AI, we expect hyperscaler capex to remain robust and continue to support demand throughout the AI value chain. The capex cycle is also broadening beyond AI-related stocks. Any further improvement in demand has the potential to translate into higher revenues and profitability across different sectors. Overall, we believe the fund is well positioned to capture the attractive opportunities available across the European small-cap universe.

Performance (%)

Returns	Cumulative				Annualised		
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
A2 EUR (Net)	-0.77	-0.17	12.34	14.75	15.75	4.24	8.67
Index	1.67	1.52	10.31	12.93	16.49	3.59	7.93
Sector	0.34	0.24	6.26	7.64	12.19	-0.71	6.01

Calendar year	YTD at Q3 2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A2 EUR (Net)	13.21	13.91	4.23	8.00	-15.19	21.17	13.97	34.27	-23.21	25.53	5.69
Index	8.50	16.35	5.65	12.74	-22.60	22.93	7.32	28.65	-14.46	17.15	2.39
Sector	5.90	12.52	1.52	7.08	-26.43	25.72	12.51	27.19	-18.58	21.69	1.51

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 capital growth over the long term. Performance target: To outperform the MSCI Europe Small Cap Index, after the deduction of charges, over any 5 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 August 1993
Total net assets	1.40bn
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	MSCI Europe Small Cap Index
Morningstar sector	Europe Small-Cap 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.



Rating as at previous month end. Rating is for the representative share class as defined in the performance table.

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 25 February 2022, the benchmark changed from the EMIX Smaller European Companies Index to the MSCI Europe Small Cap Index, the Fund's investment policy and performance target also changed. 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 at least 75% of its assets in shares (equities) and equity-related securities of smaller companies, in any industry, in the EEA or the UK if not part of the EEA. Companies will have their registered office in the EEA or the UK if not part of the EEA. The Fund may also invest in other assets including companies of any size, in any region, 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 Small Cap Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target and the level above which performance fees may be charged (if applicable). The Investment Manager has discretion to choose investments for the Fund with weightings different to the index or not in the index, but at times the Fund may hold investments similar to the index.

Investment strategy

The Investment Manager focuses on meetings and calls with company management, along with the use of quantitative filters, to identify potential companies for investment. Emphasis is placed on the robustness of a company's business model, an analysis of what drives the business, what its competitive advantage is, and the sustainability of returns. The Fund maintains a well-diversified portfolio of companies which generally fall within the bottom 25% of their relevant market by way of size. The liquidity of the company (the degree to which shares can be quickly bought or sold in the market at a price reflecting its intrinsic value) is important in determining whether to invest and the size of the holding for the Fund.

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. 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. 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.

Source for risk rating

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 4 out of 7, which is a medium risk class. The risk indicator assumes you keep the product for 5 years. This rates the potential losses from future performance at a medium level, and poor market conditions could impact our capacity to pay you.

FOR MORE INFORMATION PLEASE VISIT **JANUSHENDERSON.COM**

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INVESTORS

Source: Janus Henderson Investors, as at 31 October 2026, unless otherwise noted.

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