Janus Henderson INVESTORS

# HORIZON DISCOVERING NEW ALPHA FUND

## At a glance

**Performance***
Due to current regulations we are only permitted to show performance if the share class is more than one year old.

**Contributors/detractors**
Arthur J Gallagher contributed to performance after the company reported stronger-than-expected earnings. Semiconductor holdings detracted amid a broader sell-off across artificial intelligence (AI) infrastructure and semiconductor stocks.

**Outlook**
We think global equity markets are concentrated, and that strong thematic investment ideas from our experienced investment team may help identify differentiated alpha opportunities.

## Portfolio management



**Richard Clode, CFA**



**Nick Harper, CFA**

## Investment environment

- Global equities ended October in slightly negative territory as renewed concerns around investment in artificial intelligence (AI), higher energy prices and persistent inflationary pressures weighed on investor sentiment. Performance diverged considerably, with weaker risk sentiment benefiting more defensive sectors.
- The US Federal Reserve (Fed) left interest rates unchanged, alongside similar decisions by the European Central Bank (ECB) and the Bank of Japan (BoJ). Government bond yields initially rose as resilient economic data and higher energy prices sustained concerns about inflation, before declining as weaker sentiment towards the technology sector increased demand for perceived safe-haven assets.
- Escalating tensions in the Middle East pushed oil prices sharply higher and renewed concerns about energy supplies. The rise in energy costs added to inflationary pressures and weighed on the outlook for consumers, even as the deterioration in risk sentiment helped government bonds recover from their weakness earlier in the month.
- Information technology (IT) and communication services were the weakest sectors as investors questioned whether substantial investment in AI infrastructure would generate adequate returns. Semiconductor stocks came under particular pressure as scrutiny of capital expenditure (capex) and the financing of AI infrastructure intensified.
- Healthcare, consumer staples and energy were the strongest sectors. Energy stocks benefited from higher oil prices, while defensive sectors proved more resilient amid uncertainty around inflation, interest rates and the outlook for technology investment.

## Portfolio review

The principal positive contributors during October were spread across several themes. In our Longevity theme, Arthur J Gallagher was the largest contributor after the company reported better-than-expected results. Organic growth remained healthy, while margins across both its brokerage and risk-management businesses exceeded expectations. This reassured the market following the reduction in management's growth expectations during the previous quarter.

APi Group was another notable contributor after delivering a fourth consecutive quarter of double-digit organic growth.

**Marketing communication**
**For professional investors only**
**Past performance does not predict future returns.**
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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.

Demand remained robust across its inspection, service and monitoring businesses, which generate a high proportion of recurring revenue, while a growing backlog and further margin improvement supported confidence in the durability of its earnings. RTX, a holding in our Sovereignty theme, contributed as heightened geopolitical tensions reinforced the longer-term outlook for defence spending. Higher volumes across naval programmes and air-defence systems helped Raytheon sales grow by 14%, while strength in commercial aerospace allowed the company to raise its full-year guidance.

In our Lifestyle 2.0 theme, Spotify Technology contributed after reporting another quarter of strong subscriber growth and improving profitability. Premium subscribers reached 306 million, which was ahead of expectations, while gross margins were also slightly better than forecast. Shares in Novonesis rose following the completion of its acquisition of MicroBioGen, strengthening its yeast-breeding and research capabilities and supporting its longer-term biosolutions strategy. Tokio Marine, in our Longevity theme, also contributed as a favourable interest-rate environment and continued capital deployment supported confidence in the outlook for its insurance businesses.

The main detractors were concentrated among technology-related companies, especially in semiconductor and AI-infrastructure holdings, as investors questioned whether the scale of investment across the industry would generate adequate returns. In our Sovereignty theme, TSMC's shares fell despite the company reporting better-than-expected earnings and providing revenue guidance ahead of forecasts, as its solid operating performance was overshadowed by broader concerns around the sustainability of AI spending. Cerebras Systems weakened as additional shares became eligible for sale following the expiry of an initial public offering (IPO) lock-up, with the subsequent publication of a short-seller report adding to pressure on the shares. Infineon Technologies was affected by the wider semiconductor sell-off as investors reduced exposure to companies perceived to be sensitive to the AI investment cycle.

BBVA also detracted after its third-quarter results revealed weaker momentum in its domestic business. Spanish net income declined by 5.5% and fell short of expectations, while higher loan-loss provisions and a lower-than-expected capital ratio raised concerns about earnings resilience and the scope for future capital returns. These pressures outweighed a modestly better result at the group level.

In our Sovereignty theme, F5 was another detractor following its results announcement. While underlying performance was solid, the company’s growth outlook was more conservative than expected and its emerging AI opportunity remained relatively small, with approximately $100 million of AI-related bookings. Given that the shares had performed strongly ahead of the results, elevated expectations and a slower-than-anticipated contribution from AI prompted a sharp reassessment.

During October, we repositioned the portfolio following our quarterly best ideas review and optimisation process. In our Sovereignty theme, we added Broadcom, Tokyo Electron and Ciena, increasing exposure to custom AI computing, advanced semiconductor manufacturing and the high-speed connectivity required to link increasingly large data centres.

In our Longevity theme, we added Welltower and AstraZeneca, providing exposure to growing demand for senior housing and innovative medicines arising from ageing populations. Welltower has continued to benefit from improving occupancy, rental growth and constrained new supply across senior housing. We also added Cameco in our Net Zero 2.0 theme, reflecting the growing importance of nuclear power in meeting rising electricity demand while strengthening energy security.

In the Lifestyle 2.0 theme, we initiated positions in MongoDB and Tencent, increasing exposure to the data infrastructure underpinning modern applications and to a diversified digital platform benefiting from evolving consumer behaviour. These purchases were funded through selected disposals across the portfolio, reflecting a disciplined reallocation of capital towards the combination of ideas that offered us the most attractive conviction and risk/reward balance.

Portfolio activity remains focused on areas where we see long-term structural growth opportunities, rather than short-term volatility. While the portfolio is diversified by both style and sector, we do not try to manage it to the market by retreating into ‘safe’ areas, such as energy or consumer staples, where we lack long-term conviction.

## Manager outlook

Global markets remain complex, volatile and noisy. We believe that trying to navigate this environment through the traditional lens of geography, sector or market capitalisation is a somewhat antiquated view and has proved inadequate in recent years. We think a more dynamic approach is required to help address higher levels of concentration in performance. By harnessing the strongest ideas from our experienced thematic stock pickers, through disciplined portfolio optimisation (which may help dampen the natural biases of more growth-oriented investors), we seek to benefit from both approaches. That is, to benefit from the concentration of high-conviction ideas while aiming to maintain diversification by style, factor, geography and sector.

We believe that major new growth markets and themes that transcend current geopolitical strife provide ample opportunities for stock picking, and that this is increasingly being rewarded more rationally. Themes such as the innovation of AI, deglobalisation, increasingly scarce resources, the return of the cost of capital and an ageing population may create opportunities for companies that can provide solutions to these challenges. By identifying companies in these areas across a diversified range of themes, we aim to deliver long-term capital appreciation and, over time, seek to outperform global equities.

## Performance (%)

Due to current regulations we are only permitted to show performance if the share class is more than one year old.
**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.**

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 capital growth over the long term. Performance target: To outperform the MSCI ACWI 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

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| **Inception date** | 18 November 2025 |
| **Total net assets** | 115.75m |
| **Asset class** | Equities |
| **Domicile** | Luxembourg |
| **Structure** | SICAV |
| **Base currency** | USD |
| **Index** | MSCI All Country World Index[SM] |
| **Morningstar sector** | Global Flex-Cap Equity |




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. 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 80% of its net assets in equities or equity-related instruments of companies worldwide, including up to 20% of its net assets in emerging markets, whose products and services are considered by the Investment Manager to contribute positively to addressing global challenges including population growth, ageing population, resource constraints and climate change. The Fund may invest in companies of any size, in any country and in any industry, but may have a bias towards smaller capitalisation companies. The Fund may invest up to 20% of its net assets in depositary receipts (including American Depositary Receipts and Global Depositary Receipts) and Real Estate Investment Trusts (REITs). The Fund may invest up to 20% of its assets in China A-Shares. The Fund may also invest in other assets including investment grade government bonds, associated derivative instruments, 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 ACWI Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's Performance Target. 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, through a thematic framework of stock selection, seeks to construct a global portfolio of companies that are considered to benefit from structural changes in the global economy through positively addressing global challenges, with the potential to drive superior long term capital growth. The global challenges identified by the Investment Manager include but may not be limited to the following examples: population growth, ageing population, resource constraints and climate change. The Investment Manager will optimise portfolio construction to minimise geographic, sector and style biases versus the benchmark in order to focus on stock selection as the primary driver of superior returns. While the Fund will invest in companies of any size, given the investment approach to identify future, long term high growth companies, the Fund may have a bias towards smaller capitalisation companies.

## 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. 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. This fund is designed to be used only as one component of several in a diversified investment portfolio. Investors should consider carefully the proportion of their portfolio invested into this fund.

## 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.

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

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