

HORIZON EURO HIGH YIELD BOND FUND

At a glance

Performance*

The Fund returned 3.92%, the Index returned 3.66% and the Sector returned 3.08%.

Contributors/detractors

Security selection contributed strongly to performance. The fund's small overweight credit beta position relative to the benchmark also contributed. An underweight position in capital goods detracted.

Outlook

We expect technicals to remain supportive, underpinned by attractive all-in yields. Tight credit spreads reflect strong fundamentals but suggest the market is pricing in limited negative tail risk.

Portfolio management



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Investment environment

- European high yield bonds posted a positive excess return (versus equivalent government debt).
- High yield bond prices rallied for most of the quarter. They were supported by optimism about a potential peace agreement between the US and Iran, even as negotiations stalled and the Strait of Hormuz remained closed, and by excitement about artificial intelligence (AI). In June, the US and Iran signed a long-anticipated 'Memorandum of understanding', which included reopening the Strait of Hormuz.
- However, high yield bond spreads widened modestly thereafter. Tensions remained elevated in the Middle East and the rally in AI-related technology stocks faltered amid renewed scrutiny around the return on investment of outsized AI-linked capital spending.
- Government bond markets were more volatile, as concerns remained around higher inflation pressures and possible interest rate rises. However, the outlook shifted in June as lower oil prices reduced concerns about inflation.
- The German 10-year bund yield fell 14 basis points (bps) to 2.86%, the UK 10-year gilt yield fell 16 bps to 4.76%, while the US 10-year Treasury yield rose 15 bps to 4.47%.

- The European Central Bank (ECB) raised interest rates by 25 bps to 2.25% in June, its first increase since 2023, citing inflation risks that it said could not be waited out.
- The European high yield bond market compressed, with lower-quality CCC-rated bonds outperforming and higher-quality BB-rated bonds lagging.
- At the sector level, spreads tightened the most in leisure, basic industry, capital goods and transportation, while the media and telecommunications sectors underperformed.

Portfolio review

Security selection contributed to performance. The fund's small overweight credit beta position relative to the benchmark also contributed, as credit spreads tightened over the quarter. Yield curve positioning also benefited performance, as government bond yields fell. Sector allocation was flat.

At the sector level, the fund's overweight positions in banks and basic industry contributed, while the underweight position in capital goods detracted. The position in high yield risk hedges, implemented through the crossover credit default swap (CDS) index, also detracted from returns. Security selection in healthcare, technology and electronics, and media contributed. Selections in basic

Marketing communication

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*For benchmark and sector, if applicable, refer to Fund details on page 4. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 5.

industry weighed on performance. In terms of ratings, an underweight position and security selection in CCC-rated bonds contributed, while security selection in B-rated bonds detracted.

At the issuer level, some of the fund's convertible bonds added to performance, including software company Oracle, Cipher Digital, a Bitcoin miner turned AI landlord, and biopharmaceutical company Travele Therapeutics, as their share prices rallied strongly in the month. A convert bond in US oncology company Revolution Medicines also aided performance, as the underlying equity call option that this convert is linked to materially outperformed the S&P 500. The company's share price rose following a successful trial for its highly speculative pancreatic cancer drug, with investors hopeful this will translate into a reliable and profitable revenue stream for the business. Web services provider Yahoo – one of the fund's new issues during the quarter – also contributed to performance. The newly issued bonds performed well, amid strong demand from investors.

Conversely, the law-focused financial services firm Burford Capital detracted from performance, with its bonds remaining under pressure after a US appeals court overturned a case against Argentinian oil group YPF in March. Concerns grew around the potential impact on Burford's balance sheet, as more than 40% of Burford's \$5.6 billion portfolio is tied to the YPF case. We're maintaining the overweight position here, as we think its bonds sold off too much. Financial software firm ION Platform also detracted. Its bonds sold off amid renewed concerns around AI disruption risk, especially given headlines about Anthropic's Claude Mythos model being too powerful. Finally, recruitment business House of HR and South African paper, pulp and packing company Sappi detracted from returns.

There was a meaningful pick-up in supply over the quarter, following a period of low issuance, as companies looked to issue debt while spreads are tight. Demand remained robust, with investors seeking the attractive all-in yields that high yield bonds are currently offering. AI-related issuance also widened out in June, after CoreWeave issued its first euro-denominated high yield bonds, raising €2 billion, in what was the largest deal within the European market for over eight years and the first data centre deal.

Activity was primarily focused on maintaining the fund's up-in-quality bias and defensive tilt. We added attractive new deals from Telefonica and satellite communications firm Eutelsat, which gives the fund exposure to the European defence industry. We added new deals from French lab testing firm BioGroup, as we believe it could benefit from increased government funding for routine medical tests, and Austrian semiconductor manufacturer ams OSRAM, where we are encouraged by its efforts to deleverage and a stronger management team. On the riskier side, we added a new deal from Japanese telecommunications and technology company Softbank, which also came at attractive levels. Towards the end of the period, we added some cyclical exposure to the fund, via new issues from Nouryon and StonePeak, both within the chemicals space. The deals were multiple times oversubscribed and performed well in secondary trading. In the secondary

market, we added paper from UK luxury gym and spa operator David Lloyds and UK forecourt operator Moto Fuel.

We took profits on issuers that were trading tight, and given the increased volatility in the market, we sold out of some single B minus-rated issuers with excessive leverage, an upcoming maturity wall, or operational challenges. We sold the positions in European online gaming company Entain, as we think it could be negatively impacted by AI disruption, and Canada-based copper miner Taseko Mines, where its bonds are trading tight amid sustained demand for copper. Within real estate, we took profits on two real estate investment trusts (REITs) Aroundtown and CPI Property that had performed well. Within the secondary market, we took profits on several US dollar-denominated positions that have delivered solid performance for the fund, including positions in LGI Homes and Level 3 Financing.

Manager outlook

We remain constructive about the outlook for the high yield bond market, which is reflected in our small overweight credit beta position relative to the benchmark. While corporate fundamentals are broadly supportive, with strong balance sheets and low default risk, spreads remain near historically tight levels and offer limited compensation for macroeconomic and geopolitical risks.

On the economic front, while inflation has re-accelerated, sharply lower energy prices could mean inflation is close to a peak. Uncertainty regarding central bank policy remains elevated, however. In Europe, the ECB's rate hike decision marks a clear shift in its reaction function, although we view it as a credibility-driven move rather than the start of a broad monetary policy tightening cycle. The US economy's resilience and a more hawkish Fed have led market participants to expect higher interest rates later this year.

We expect technicals to remain a positive tailwind, supported by attractive all-in yields. The new issue market has been very active, with supply well absorbed, and certain deals, such as those from cyclical issuers and new AI-related issuance, have been oversubscribed. Increased technology issuance in the US high yield bond market has also been a notable feature, mostly from companies looking to finance data centre capital expenditure. This is an extension of the trend we've been seeing for some time in the investment grade bond market, where many of the big hyperscale companies are issuing bonds to finance sizeable AI-related capital expenditure programmes. Clearly AI is no longer solely the purview of the equity markets but is becoming a broad credit-market opportunity.

In terms of valuations, tight spreads reflect strong corporate fundamentals but indicate a market that appears to be pricing in limited negative tail risk. While the global economy has proved resilient and the situation in the Middle East has cooled somewhat, some of the lagged effects of the Middle East conflict may yet take effect. The more complex macro backdrop reinforces the case for caution. To that end, we remain underweight in issuers that we believe may underperform if the market environment weakens.

We expect markets to remain volatile and driven by headlines in the near term. In this environment, we remain focused on disciplined risk management, selective security selection, and maintaining a high-quality, diversified

portfolio. While we continue to identify pockets of value, we are prepared to reduce risk further should valuations become more stretched.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
A2 EUR (Net)	0.63	3.92	1.41	3.47	7.31	1.68	3.37	
Index	0.72	3.66	1.93	4.51	7.77	2.97	3.96	
Sector	0.59	3.08	1.51	3.69	6.53	2.24	2.91	
A2 EUR (Gross)	—	—	—	—	—	2.87	4.60	
Target	—	—	—	—	—	4.77	5.78	

Calendar year	YTD at Q2											
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
A2 EUR (Net)	1.41	4.27	8.96	10.38	-14.39	2.04	2.44	11.63	-2.26	5.11	9.53	
Index	1.93	5.35	8.60	12.04	-11.72	3.31	2.69	10.76	-3.44	6.10	9.96	
Sector	1.51	4.37	7.20	9.63	-10.44	2.54	0.90	8.82	-4.21	5.69	7.64	

Performance is on a net of fees basis, with gross income reinvested. Source: at 30/06/26.
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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 income and capital growth over the long term. Performance target: To outperform the ICE BofA European Currency Non-Financial High Yield Constrained Index (100% Hedged) by 1.75% per annum, before the deduction of charges, over any 5 year period.

For the fund's investment policy, refer to the Additional fund information on page 5.
Past performance does not predict future returns.

Fund details

Inception date	19 November 2012
Total net assets	269.39m
Asset class	Fixed Income
Domicile	Luxembourg
Structure	SICAV
Base currency	EUR
Index	ICE BofA European Ccy Non-Financial High Yield Constrained Index (100% Hedged)
Morningstar sector	EUR High Yield Bond
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. 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 30 June 2025, Tim Winstone no longer manages this fund and Agnieszka Konwent-Morawski now co-manages this fund. From 31 December 2025, Richard Taylor no longer manages this fund. 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 70% of its assets in high yield (non-investment grade, equivalent to BB+ rated or lower) corporate bonds, denominated in Euros or Sterling. The Fund may invest up to 20% of its net assets in each of the following: total return swaps; contingent convertible bonds (CoCos); and/or asset-backed and mortgage-backed securities. The Fund may also invest in other assets including bonds of other types from any issuer (including perpetual bonds), cash and money market instruments. The Investment Manager may use derivatives (complex financial instruments), including total return swaps, with the aim of making investment gains in line with the Fund's objective, to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the ICE BofA European Currency Non-Financial High Yield Constrained Index (100% Hedged), which is broadly representative of the bonds 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 seeks to provide a high overall yield and potential for capital growth by investing primarily in Euro and Sterling denominated sub investment grade rated corporate bonds. The investment process combines rigorous fundamentally driven security selection from the credit analysts, which is expected to be the largest driver of performance, with asset allocation views.

Fund specific risks

An issuer of a bond (or money market instrument) may become unable or unwilling to pay interest or repay capital. If this happens or the market perceives this may happen, the value of the bond will fall. When interest rates rise (or fall), the prices of different securities will be affected differently. In particular, bond values generally fall when interest rates rise (or are expected to rise). This risk is typically greater the longer the maturity of a bond investment. While high yield (non-investment grade) bonds generally offer higher rates of interest than investment grade bonds, they are more speculative and more sensitive to adverse changes in market conditions. Some bonds (callable bonds) allow their issuers the right to repay capital early or to extend the maturity. Issuers may exercise these rights when favourable to them and as a result the value of the Fund may be impacted. CoCos can fall sharply in value if the financial strength of an issuer weakens and a predetermined trigger event causes the bonds to be converted into shares/units of the issuer or to be partly or wholly written off. 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. Some or all of the ongoing charges and other costs of the Fund may be taken from capital, which may erode capital or reduce potential for capital growth. 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.

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 2 out of 7, which is a low risk class. The risk indicator assumes you keep the product for 5 years. This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact our capacity to pay you.

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Janus Henderson
INVESTORS

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

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