

EUROPEAN FOCUS FUND

At a glance

Performance*

The Fund returned 3.74%, the Index returned 3.71% and the Peer Group returned 3.45%.

Contributors/detractors

Positive momentum in the banking sector propelled BNP to the top spot in terms of performance contribution, whereas profit-taking made BESI (a star performer for months) the main detractor.

Outlook

The recent positive turns in purchasing managers' indices (PMIs) and leading indicators suggest the beginning of an upswing in the macroeconomic cycle.

Portfolio management



Robert Schramm-Fuchs



Marc Schartz, CFA



John Bennett

Investment environment

- Equity markets continued their advance, driven by increasing optimism about the macroeconomic environment.
- Investors appear to be anticipating a 'goldilocks' scenario (an ideal, well-balanced state of economic expansion) with interest rate cuts expected within the coming months and an economic 'soft landing' (versus a recession).
- This led to the outperformance of some of the more cyclical (companies that are typically more dependent on economic growth to do well) and attractively priced areas of the market - notably banks.

Portfolio review

The main positive contributors to performance included BNP and Renk.

As one of Europe's leading banks, BNP's performance is a reflection of the positive momentum in the sector (mentioned above). Moreover, comments by its management at various March conferences suggest that the underwhelming results printed by the bank in the last quarter of 2024 were more of a blip rather than a reflection of underlying issues.

Renk, the global leader in propulsion systems for military vehicles, continued its strong share price performance following its February initial public offering (IPO), reflecting ever-growing geopolitical tensions and the related investment surge in European defence.

On the other hand, Dutch semiconductor equipment maker BESI was the biggest detractor from performance as rumours emerged suggesting a delay in the adoption of the hybrid-bonding technology championed by the company. While the longer-term fundamental repercussions of such a delay would actually be limited, the stock has been a star performer for several months now. Hence, some profit-taking driving the share price down is not overly surprising to us.

Activity primarily saw us add to the fund's banks weighting through purchasing BNP and Austrian lender Erste Bank. The fund's main thematic positions are in stocks we expect to benefit from the developments around artificial intelligence (AI) in European semiconductor companies, European defence stocks and selective consumer stocks.

The semiconductor sector is at the beginning of a new cyclical upswing, which typically lasts several years. The preceding sector downturn was one of the longest and deepest on record in terms of the number of months and year-over-year percentage change in US dollar sector

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.

revenue. Historically, more severe downturns have been followed by stronger and longer-lasting upswings.

In the European defence sector, there is huge pressure on European countries to re-arm in light of the Ukraine war, depleted inventories, decades of under-investment and concerns about US support being unclear under a potential second Trump presidency.

Manager outlook

The recent positive turns in purchasing managers' indices (PMIs) and leading indicators suggest the beginning of an upswing in the macroeconomic cycle. The likelihood of

interest rate cuts has increased, particularly after the surprising moves by the Swiss National Bank and the Bank of England, along with recent statements from the European Central Bank (ECB).

We think this environment favours early-cycle trades, benefiting Europe's export-oriented economies. Feedback from European corporates indicates that destocking is ending, and order intake is showing signs of recovery. Consequently, European stocks have recently outperformed US equities yet still trade at heavily discounted valuations.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (31/01/01)
I Acc (Net)	3.74	9.76	9.76	23.91	11.76	13.44	9.98	7.65
Index	3.71	6.85	6.85	13.78	9.63	10.34	8.70	6.35
Peer Group	3.45	6.44	6.44	12.45	7.75	9.64	7.99	6.00

12 month rolling

	Mar 2023-Mar 2024	Mar 2022-Mar 2023	Mar 2021-Mar 2022	Mar 2020-Mar 2021	Mar 2019-Mar 2020
I Acc (Net)	23.91	7.91	4.41	41.46	-4.85
Index	13.78	8.73	6.51	34.86	-7.96
Peer Group	12.45	6.60	4.36	39.55	-9.23

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. © 2024 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	31 January 2001
Total net assets	234.85m
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 01 February 2024, Tom O'Hara and Tom Lemaigre no longer manage this fund. Robert Schramm-Fuchs and Marc Scharz now co-manage 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 a concentrated portfolio of 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 portfolio may be concentrated in terms of its number of holdings and/or the size of its largest holdings. The Fund may also invest in other assets including 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 seeks to capture performance by anticipating the catalysts for change in European companies and industries. The investment process blends compelling company-specific stories with sector themes, with a goal of providing access to sustainable long-term growth trends. This results in a portfolio of typically 30 to 50 mainly well-known larger companies and under-researched mid-sized companies. Smaller companies are not normally a significant focus of the portfolio.

Fund specific risks

The Fund could lose money if a counterparty with which the Fund trades becomes 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. Shares/Units 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. If a Fund has a high exposure to a particular country or geographical region it carries a higher level of risk than a Fund which is more broadly diversified. This Fund may have a particularly concentrated portfolio relative to its investment universe or other funds in its sector. An adverse event impacting even a small number of holdings could create significant volatility or losses for the Fund. The Fund may use derivatives 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. mitigated by taking an offsetting position in a related security), the value of your investment may be impacted by changes in exchange rates. Securities within the Fund 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.

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INVESTORS

FOR MORE INFORMATION PLEASE VISIT [JANUSHENDERSON.COM](https://www.janushenderson.com)

Source: Janus Henderson Investors, as at 31 March 2024, unless otherwise noted.

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