

DIVERSIFIED ALTERNATIVES FUND

At a glance

Performance*

The Fund returned 6.28%, the Index returned -0.23%

Contributors/detractors

HICL Infrastructure was the single largest contributor to positive performance. The only two meaningful detractors were the Dunn WMA Fund and the Hipgnosis Songs Fund.

Outlook

Valuations across listed investment companies remain compelling in our view, and we think this bodes well for the future.

Portfolio management



James de Bunsen, CFA



Pete Webster, CFA

Investment environment

- Global equity markets, as measured by the MSCI World Index, rose 6.8% in sterling terms and 11.5% in US dollar terms during the fourth quarter. There was an end-of-year rally as investors grew increasingly optimistic that most major central banks were at the end of their aggressive monetary policy tightening campaigns. Heightened expectations that policymakers would shift to interest rate cuts in 2024 underpinned the gains.
- Earlier in the quarter, uncertainty about the direction of monetary policy - which led to a surge in government bond yields in October before they reversed course in the following months - and conflict in the Middle East had weighed on sentiment. In fixed income, the JPM Global Government Bond Index returned 3.2% in sterling terms and 7.8% in US dollar terms.

Portfolio review

Lower bond yields (rising prices) and the bringing forward of rate cut expectations in the US and Europe boosted most assets in the portfolio. Infrastructure holdings provided the largest positive contribution to returns, followed by renewable energy stocks. Reinsurance and specialist credit made very small negative contributions when translated back into sterling terms, although this does not take into account the fact that we fully hedge these foreign exchange exposures.

HICL Infrastructure was the single largest positive contributor to positive performance, boosted by falling yields but also as it bounced back from a historically high discount to the net asset value (NAV). Foresight Solar was the top performer in renewable energy. The only two meaningful detractors were the Dunn WMA Fund, which was impacted by its short positions in government bonds, and the Hipgnosis Songs Fund, which suffered from concerns over the valuation of its underlying song catalogues and various governance issues.

The portfolio ended the quarter in roughly the same shape as at the start. Activity was muted beyond managing portfolio flows and trimming some of the key winners. We also exited Aquila Energy Efficiency Trust. The company failed a continuation vote early in 2023 and assets are up for sale, but this process could be lengthy. Meanwhile, similar strategies were trading at similar discounts and we

Marketing communication

Past performance does not predict future returns.

*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.

thought they had the potential to recover much more quickly.

Manager outlook

We go into 2024 with relatively high conviction that interest rates and bond yields have reached their highs for this cycle. This removes one of the key downside risks for most asset classes, as borrowing costs should have peaked. The sharp move in rates in December was arguably overdone as inflation prints for the next few months could be noisy. Some price pressures are set to resume,

particularly connected to shipping costs, as tensions rise in the Red Sea.

Meanwhile, data continued to reflect weakening economic activity across the globe. As such, the portfolio remains skewed towards assets and strategies with less economic sensitivity. Valuations across listed investment companies remain compelling in our view, and this bodes well for the future.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (22/02/13)
I Acc (Net)	3.42	6.28	2.09	2.09	4.31	5.18	5.50	5.67
Index	0.00	-0.23	3.56	3.56	6.45	4.21	2.83	2.84
I Acc (Gross)	—	—	—	—	—	5.94	6.24	6.42
Target	—	—	—	—	—	7.34	5.92	5.93

12 month rolling

	Dec 2022- Dec 2023	Dec 2021- Dec 2022	Dec 2020- Dec 2021	Dec 2019- Dec 2020	Dec 2018- Dec 2019
I Acc (Net)	2.09	-2.89	14.48	3.80	9.26
Index	3.56	10.53	5.39	0.59	1.30

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/12/23. © 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.

Investment objective

The Fund aims to provide capital growth, over the long term. Performance target: To outperform the Consumer Price Index by 3% 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 4.

Past performance does not predict future returns.

Fund details

Inception date	22 February 2013
Total net assets	135.87m
Asset class	Mixed Asset
Domicile	United Kingdom
Structure	OEIC
Base currency	GBP
Index	Consumer Price Index (CPI)

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. 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 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. 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 into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

The Consumer Price Index (CPI) is a measure of the change in prices of a basket of consumer goods and services. CPI is used in the UK as a measure of the change in inflation. It forms the basis of the Fund's performance target and provides a useful comparison against which the Fund's performance can be assessed over time.

Investment policy

The Fund invests globally in a diverse portfolio of investments which gain exposure indirectly to alternative asset classes such as private equity, infrastructure, property, commodities and hedge funds. The Fund will invest at least 80% in a combination of closed ended funds (e.g. investment trusts), investment companies, REITs, collective investment schemes (both regulated and unregulated and including those managed by Janus Henderson), exchange traded funds (ETFs), exchange traded notes (ETNs) and fixed interest securities. The Fund may also invest in 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 Consumer Price Index as this forms the basis of the Fund's performance target. The investment manager has complete discretion to choose investments for the Fund.

Investment strategy

The investment manager seeks to provide investors with a diversified portfolio of alternative assets such as hedge fund strategies, private equity and commodities, with the fund typically having a lower level of volatility when compared to movements in equity markets. The investment team seeks to identify attractive investments through assessing market conditions and conducting due diligence on alternative asset managers.

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. The Fund invests in other funds (including exchange-traded funds and investment trusts/companies). This may introduce more risky assets, derivative usage and other risks associated with the underlying funds, as well as contributing to a higher level of ongoing charges. 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.

Janus Henderson
INVESTORS

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

Source: Janus Henderson Investors, as at 31 December 2023, unless otherwise noted.

Please read all scheme documents before investing. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. Marketing Communication. Past performance does not predict future returns. 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. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the prospectus, and where relevant, the key investor information document before investing. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes. Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK Limited (reg. no. 2678531), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Janus Henderson Investors Europe S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier). Janus Henderson is a trademark of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc. D10018