ALL CAP VALUE COMPOSITE

Perkins
— JANUS HENDERSON —
UNCOMMON VALUE℠

PORTFOLIO COMMENTARY | 2Q18

PERFORMANCE REVIEW

The All Cap Value strategy outperformed the Russell 3000® Value Index for the quarter. U.S. stocks delivered gains during the quarter despite bouts of market volatility as rising trade tensions threatened to weigh on business confidence.

Our strong relative performance was driven by stock selection as we outperformed the benchmark in eight of 11 sectors (as defined by Global Industry Classification Standards) during the quarter. Industrials, technology and financials were the largest contributors to our outperformance. Stock selection in the technology sector was a leading contributor to relative returns, aided by our position in Alphabet. The company continues to deliver strong revenue growth, and we believe that the valuation remains attractive relative to its growth, especially given its position as the dominant search engine and mobile market penetration. Within financials, Wells Fargo helped drive returns as the stock generally recovered from recent negative headlines. We continue to believe the company is well positioned to perform well in a variety of market environments once it can put recent missteps behind them.

Although our energy holdings outperformed the benchmark, our underweight allocation to energy weighed on the overall relative return. Energy was the best-performing sector within the benchmark, aided by strong crude oil prices, which rose 10% after the OPEC production increase was not as large as investors feared. Despite the sector's recent outperformance, we remain generally concerned about the capital allocation discipline of management teams within the energy sector, and are struggling to find companies with durable competitive advantages. Given these concerns, we maintained our underweight. The consumer discretionary sector also detracted as our lack of exposure to retailers weighed on relative returns. Although retailers rebounded during the quarter, we maintained our underweight given our concerns about the longer-term secular headwinds facing the industry.

For detailed performance information, please visit
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OUTLOOK AND POSITIONING

While the market has continued to perform well, risks to the downside remain elevated. It is unclear what the trigger point might be in a market that is richly valued on many metrics and with investors who have generally ignored developments that might be construed as meaningful negatives. Earnings growth across all market caps is likely to slow in the second half of the year as comparables become increasingly difficult. In this environment, while we acknowledge that the market may continue to move higher, we think it makes sense to be defensively positioned given the complacency regarding any possible negative developments.

We continue to believe that value is in the early stages of improving performance relative to growth. In our view, "normalizing" interest rates and economic growth in the U.S. where central bank intervention is waning, coupled with accelerating inflation, should bode well for value stocks going forward. From a sector positioning standpoint, we remain overweight some of the more traditionally defensive sectors such as health care while being significantly underweight consumer discretionary, which we view as a more volatile sector in an economic downturn. Most important, however, is that within every

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EXECUTIVE SUMMARY

- The All Cap Value strategy outperformed the Russell 3000 Value Index.
- Stock selection in industrials, technology and financials aided relative returns, while our underweight allocation to energy detracted.
- While the market has continued to perform well, the risks to the downside are elevated and seem to increase daily, and we think it makes sense to be defensively positioned.

sector of the market, we own stocks that we believe have more defensive characteristics than their peers with typically stronger balance sheets, better competitive positioning, more resilient earnings streams and generally less downside risk. In sum, it is a portfolio comprised of what we believe are higher-quality companies selling at relatively cheap valuations that should outperform over a full market cycle.

Thank you for your continued investment in the Perkins All Cap Value strategy.

REPRESENTATIVE ACCOUNT TOP CONTRIBUTORS AND DETRACTORS FOR THE QUARTER ENDED 6/30/18

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Occidental Petroleum Corp	2.92	0.75	RenaissanceRe Holdings Ltd	1.53	-0.20
Laboratory Corp of America Holdings	4.47	0.42	Johnson & Johnson	3.79	-0.19
Merck & Co Inc	2.56	0.25	Oracle Corp	4.03	-0.14
Noble Energy Inc	1.69	0.24	Chubb Ltd	1.88	-0.14
Alphabet Inc	2.77	0.23	Citizens Financial Group Inc	1.50	-0.11

The holdings identified in this table, in compliance with Janus Henderson policy, do not represent all of the securities purchased, held or sold during the period. To obtain a list showing every holding as a percentage of the portfolio at the end of the most recent publicly available disclosure period visit perkinsinvestmentmanagement.com.

TOP CONTRIBUTORS

Occidental Petroleum Corp.: Occidental Petroleum Corp. is a global independent oil and gas producer with significant investments in midstream and downstream businesses. The company's shares increased during the quarter as stronger global crude oil prices helped drive earnings and cash flow upside to their first quarter results. Furthermore, the management team announced increased crude oil production guidance as well as a higher profit outlook in its midstream and chemicals businesses. We remain encouraged by Occidental's defensive balance sheet and its ability to increase returns on capital employed in the current environment.

Laboratory Corporation of America: Laboratory Corporation of America outperformed in the quarter after reporting strong earnings and guidance, driven by both the lab business and contract research business. In addition, the company announced new contracts with both UnitedHealthcare and Aetna that will begin January 2019. We believe these large managed care contracts will continue to drive lab volumes to LabCorp given its scale and scope advantages. We continue to hold our position in the company.

Merck: Merck outperformed in the quarter after reporting better-than-expected earnings, and releasing incremental

TOP DETRACTORS

RenaissanceRe: RenaissanceRe underperformed for the second quarter of 2018 due to weaker pricing commentary on the first quarter conference calls and disappointing June property-catastrophe renewals. The Florida property-catastrophe market, in which RenaissanceRe has meaningful share, renews in June. Therefore, the company was disproportionately impacted by the reports of weaker-than-expected pricing. We continue to see RenaissanceRe as an attractively priced leader in a consolidating market.

Johnson & Johnson: Johnson & Johnson underperformed during the quarter despite posting a solid earnings report as investors became concerned about a potential slowdown in growth for the second half of 2018. The stock weakness that started during the first quarter follows what had been a rather long period of outperformance, and coincided with a rise in the U.S. 10-year yield. We believe the company's fundamentals remain largely intact and continue to view Johnson & Johnson as a core holding given the company's financial flexibility and overall stable outlook across its pharmaceutical, medical device and consumer business segments.

Oracle: Oracle is a leading software provider with its main products being database and applications. Shares underperformed during the quarter due to a change in

TOP CONTRIBUTORS (continued)

positive clinical data for its immuno-oncology drug, Keytruda, that helps solidify its lead in this therapeutic class of drugs. We added to our position during the quarter based on the risk-to-reward ratio and improved outlook for Keytruda.

TOP DETRACTORS (continued)

reporting metrics. The company is in the midst of transitioning revenue from on-premises licenses to cloud/subscriptions. This transition already creates some volatility in earnings and the new metrics make it even tougher to evaluate this transition and to determine how well the new cloud products are performing. We believe the risk-to-reward ratio remains attractive given the high recurring revenue, very sticky revenue base, high margins and strong balance sheet.

Past performance is no guarantee of future results.

Discussion is based on performance gross of fees.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

As of 6/30/18 the top ten portfolio holdings of the Representative Account are: Laboratory Corp of America Holdings (4.48%), Oracle Corp (4.04%), Johnson & Johnson (3.80%), Pfizer Inc (3.31%), Occidental Petroleum Corp (2.92%), Wells Fargo & Co (2.83%), Alphabet Inc (2.78%), Citigroup Inc (2.75%), US Bancorp (2.57%) and Merck & Co Inc (2.56%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

Portfolio holdings are as of the date indicated, and are subject to change. This material should not be construed as a recommendation to buy or sell any security.

The opinions are as of 6/30/18 and are subject to change without notice. Janus Henderson may have a business relationship with certain entities discussed. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

Security contribution to performance is measured by using an algorithm that multiplies the daily performance of each security with the previous day's ending weight in the portfolio and is gross of advisory fees. Fixed income securities and certain equity securities, such as private placements and some share classes of equity securities, are excluded.

Investing involves risk, including the possible loss of principal and fluctuation of value.

Perkins All Cap Value portfolios, benchmarked to the Russell 3000® Value Index, are broadly diversified and seek to identify quality US companies trading at discounted prices with favorable risk reward potential. A typical portfolio will contain 60 to 90 securities and will invest no less than 10% of assets in each market cap category (small, mid and large) and no more than 50% in small cap stocks. The composite was created in January 2010.

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Janus Capital Management LLC serves as investment adviser.

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