

Quarterly update and outlook

Overview

The fourth quarter was marked by an escalation in equity volatility, particularly in the U.S. and Japan, amid a strong decline in stock prices. Global stock markets declined 13% during the period with the frequently observed December rally nowhere to be seen. At one point in December, both broad U.S. and Japanese indices had plunged 15% from their levels at the end of November. European, UK and emerging market equities were also lower, though not to the same extent. The global bond market was characterized by widening credit spreads (the difference in yield between two different bonds that are the same in all aspects except for the credit rating) against a backdrop of tightening financial conditions and slowing global growth indicators as well as a sharp move lower in equities and the oil price.

Fund performance

Over the period, the Fund outperformed its primary and secondary benchmarks (the MSCI World IndexSM and 75% MSCI World/25% Bloomberg Barclays Global Aggregate (USD Hedged) Index, respectively) on the back of an increased fixed income allocation, a large underweight to the U.S. and a defensive equity income bias (which outperformed cyclicals). The Fund was successful in meeting its income goals over the period and increased the dividends paid per share by 2.6% from 2017 to 2018.

The U.S. dollar remained strong over the period, which acted as a headwind to U.S.-based international investors. The Fund's euro and sterling currency hedges reduced the currency impact, but it was still a negative influence on total returns over the period.

During the quarter, we made an allocation shift from equities into U.S. government bonds, specifically in maturities in the two- to seven-year part of the sovereign curve. We felt this was prudent to mitigate downside risks in the event of economic deterioration.

Outlook

Our view hasn't changed materially with the recent market volatility; global economic fundamentals remain in good shape, interest rates are likely to remain low and valuations on equities have improved over the past year. Of course, we must acknowledge the challenge to financial markets, from the maturity of the economic cycle to the ending of central bank asset purchases, but feel these risks are now widely understood and priced in. The political outlook is far less known, and 2019 will hopefully bring resolution to the U.S.-China trade war and Brexit. In the meantime, we will continue with our existing strategy of identifying companies that pay an attractive dividend that we believe have the capacity to grow over the medium to long term.

Dividend & Income Builder Fund

December 31, 2018

Asset allocation	% of Fund	Top 10 holdings	% of Fund	% of Fund	
Equities	72.6%	1. Microsoft Corporation	3.5%	6. BP p.l.c.	1.6%
Fixed Income	23.2%	2. Pfizer Inc.	2.7%	7. Chevron Corporation	1.6%
Cash	4.2%	3. Nestlé S.A.	2.6%	8. Royal Dutch Shell plc	1.6%
		4. RELX PLC	1.8%	9. TOTAL S.A.	1.5%
		5. Novartis AG	1.7%	10. Cisco Systems, Inc.	1.4%

Top Equity Sleeve Contributors and Detractors for the Quarter Ended 12/31/18

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Enel SpA	1.54%	0.15%	Microsoft Corporation	4.55%	-0.51%
Verizon Communications Inc.	1.49%	0.07%	Occidental Petroleum Corp.	1.61%	-0.46%
BT Group plc	1.56%	0.07%	BAE Systems plc	1.19%	-0.39%
Tele2 AB	1.50%	0.07%	Upm-Kymmene Corp.	0.78%	-0.39%
Orange S.A.	1.39%	0.04%	Carnival Corporation	1.50%	-0.38%

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, contact 800.668.0434 or visit janushenderson.com/info.

For more information, visit janushenderson.com.

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Past performance is no guarantee of future results. Call 800.668.0434 or visit janushenderson.com/performance for current month-end performance.

Discussion is based on the performance of the Fund's Class I Shares.

Holdings are subject to change without notice.

The opinions are as of 12/31/18 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.

Performance may be affected by risks that include those associated with non-diversification, portfolio turnover, short sales, potential conflicts of interest, foreign and emerging markets, initial public offerings (IPOs), high-yield and high-risk securities, undervalued, overlooked and smaller capitalization companies, real estate related securities including Real Estate Investment Trusts (REITs), derivatives, and commodity-linked investments. Each product has different risks. Please see the prospectus for more information about risks, holdings and other details.

Fixed income securities are subject to interest rate, inflation, credit and default risk. The bond market is volatile. As interest rates rise, bond prices usually fall, and vice versa. The return of principal is not guaranteed, and prices may decline if an issuer fails to make timely payments or its credit strength weakens.

Foreign securities are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in emerging markets.

MSCI World IndexSM reflects the equity market performance of global developed markets. **75% MSCI World / 25% BBgBarc Global Agg Credit (USD Hedged) Index** is an internally-calculated, hypothetical combination of total returns from the MSCI World IndexSM (75%) and the Bloomberg Barclays Global Aggregate Credit Index (USD Hedged) (25%).

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

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