

## 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 13.4% during the period with the frequently observed December rally nowhere to be seen. At one point in December, both the S&P 500<sup>®</sup> and TOPIX 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.

### Fund performance

Though the Fund continued to meet its high-income objectives and outperformed its benchmark (the MSCI World Index<sup>SM</sup>), it delivered negative returns over the reporting period.

By region, the Fund's underweight allocation to the U.S. as well as defensive stock selection in the U.S. was a positive for relative returns. The Fund's overweight to Europe and the UK also delivered a positive relative result. The largest relative detractor was in the Fund's holdings in Taiwanese semiconductor shares, which declined sharply during the technology sell-off.

By sector, the Fund's largest contributors to relative performance were led by strong stock selection in communication services, energy and health care. The Fund's overweight to the utilities sector was also beneficial to relative performance. The Fund struggled in the consumer staples sector with declines led by tobacco shares.

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.

### 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 risk-asset valuations 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 and sustainable dividend that we believe have capacity to grow over the medium to long term.

# Global Equity Income Fund

December 31, 2018

Top 5 sectors		% of Fund	Top 10 holdings		% of Fund	Top 10 holdings		% of Fund
1.	Energy	13.9%	1.	BHP Group Plc	3.2%	6.	TELUS Corporation	2.4%
2.	Communication Services	13.9%	2.	GlaxoSmithKline plc	3.1%	7.	SK Telecom Co., Ltd.	2.4%
3.	Financials	11.3%	3.	TOTAL S.A.	2.6%	8.	Adecco Group AG	2.3%
4.	Consumer Staples	9.8%	4.	Amcor Limited	2.5%	9.	Repsol, S.A.	2.3%
5.	Health Care	9.5%	5.	Carnival Corporation	2.4%	10.	Tokyo Electron Limited	2.2%

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Verizon Communications Inc.	1.94%	0.17%	British American Tobacco	2.18%	-0.74%
Orange S.A.	2.06%	0.13%	TOTAL S.A.	2.57%	-0.66%
Enel SpA	1.55%	0.12%	Carnival Corporation	2.40%	-0.50%
Duke Energy Corporation	1.40%	0.09%	Societe Generale	1.61%	-0.48%
BT Group plc	1.65%	0.07%	BAE Systems plc	1.35%	-0.39%

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](http://janushenderson.com/info).

For more information, please visit [janushenderson.com](http://janushenderson.com).

**Janus Henderson**  
INVESTORS

**Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, please call Janus Henderson at 800.668.0434 or download the file from [janushenderson.com/info](http://janushenderson.com/info). Read it carefully before you invest or send money.**

Past performance is no guarantee of future results. Call 800.668.0434 or visit [janushenderson.com/performance](http://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 at any time due to changes in market or economic conditions. 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.**

**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.**

**Increased portfolio turnover may result in higher expenses and potentially higher net taxable gains or losses.**

**MSCI World High Dividend Yield Index<sup>SM</sup>** reflects the performance of high dividend yield securities from global developed markets. **MSCI World Index<sup>SM</sup>** reflects the equity market performance of global developed markets.

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

Janus Henderson is a trademark of Janus Henderson Group plc or one of its subsidiary entities. © Janus Henderson Group plc..

Funds distributed by Janus Henderson Distributors