Global Real Estate Fund

December 31, 2018

Quarterly update and outlook

Overview

The last quarter of 2018 was a turbulent one, with markets rolling over in October sparked by a spike in U.S. 10-year Treasury yields. Investors were jittery against a backdrop of the negative feedback loop of falling equity markets and ongoing trade war concerns, as well as political fears in Europe. Global property equities outperformed the wider market over the period, with the FTSE EPRA/NAREIT Global index falling -4.8% in U.S. dollar terms versus the MSCI World Index[SM] which declined -13.4%. U.S. REITs (-6%) had a weak quarter, with hotel, office and shopping center REITs bearing the brunt of the decline. However, perceived less cyclical sub-sectors, notably net lease, health care and storage REITs, generated positive performance. Outside the U.S., the weakest markets over the period were France (-20%) and the UK (-12%), with Chinese property stocks significantly outperforming (+4%).

Fund performance

The Fund underperformed its index over the period driven by negative stock selection in the U.S. and Europe. Here, positions in global industrial landlord Prologis, Paris office owner Gecina, European data center owner Interxion and German house builder Instone detracted. This was partially offset by positive performance from American Tower and China Resources Land.

Investment activity

We remain focused on those companies, markets and sectors where we see the potential for top-line income growth.

In the U.S., we made changes within sectors based on relative valuation. We sold our exposure to communications and broadcast towers following a period of strong outperformance. We also reduced exposure to the office sector given more challenging fundamentals. Against a backdrop of a highly competitive market for medical office buildings and moderating tenant profitability within asset class, we reduced our health care property exposure. We redeployed proceeds into single tenant net lease service/retail-oriented assets that we feel have better growth prospects.

Against a backdrop of Brexit uncertainty and weak retail news flow, we further reduced UK office and shopping centre exposure, adding to our overweight in the Berlin residential sector where share prices did not reflect our view of potential underlying growth prospects. We also added to our Paris office exposure with valuations we consider particularly attractive following a sharp sell-off.

In Asia, we exited our exposure to Australian data centres due to concerns over a new supply of data centers in Sydney and Melbourne, as well as elevated valuation. We also reduced our exposure to the Singapore industrial market given slowing rental growth prospects, and added Singapore offices with stocks we believe are trading at wide discounts despite steadily improving rental prospects.

Outlook

Although we expect capital growth to continue to moderate, the underlying fundamentals for the listed property sector remain robust. Supply and demand remains well balanced in most cities and sectors and investor demand for physical real estate, a real asset with an attractive and growing income stream, is healthy.

Against this backdrop, we will continue to play to our strengths, reducing macro risks and focusing on bottom-up stock selection to drive returns through a concentrated, high-conviction portfolio. The focus remains on companies capable of growing income and dividends and those best placed to benefit from technological advances, which are changing consumer behaviors and altering the needs and uses for real estate. Also, as market-wide growth slows, we place greater emphasis on quality assets, balance sheets and management teams; in our experience the value of these factors always comes to the fore at this point in the cycle.

The key tail risk remains that stronger-than-expected economic growth or inflation causes the long end of the yield curve to rise more sharply than expected. This would be negative for the asset class. This scenario is not our base case as we believe that short-term trends such as the maturing interest rate cycle in the U.S., as well as longer-term trends such as demographics, technology disruption and debt, will keep rates lower going forward.

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Top 5 Industries		% of Fund
1.	Industrial REITs	15.8%
2.	Residential REITs	12.3%
3.	Real Estate Operating Companies	10.6%
4.	Diversified REITs	8.9%
5.	Diversified Real Estate Activities	8.7%

Top 10 holdings		% of Fund			% of Fund
1.	Prologis, Inc.	3.7%	6.	Goodman Group	2.9%
2.	Sun Communities, Inc.	3.4%	7.	China Resources Land	2.7%
3.	Alexandria Real Estate Equities, Inc.	3.3%	8.	Mitsui Fudosan Co., Ltd.	2.7%
4.	Link REIT	3.1%	9.	Deutsche Wohnen SE	2.7%
5.	VICI Properties, Inc.	3.0%	10.	Rexford Industrial Realty	2.6%

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

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
China Resources Land Ltd	2.72%	0.26%	Prologis, Inc.	3.69%	-0.51%
American Tower REIT	0.00%	0.20%	Gecina	1.61%	-0.43%
Link REIT	3.15%	0.13%	VICI Properties, Inc.	3.02%	-0.38%
HCP, Inc.	1.92%	0.12%	Instone Real Estate Group	0.83%	-0.38%
Nippon Prologis REIT, Inc.	1.19%	0.09%	InterXion Holding N.V.	1.60%	-0.35%

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, please visit **janushenderson.com.**

Janus Henderson INVESTORS

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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 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.

Real estate securities, including Real Estate Investment Trusts (REITs) may be subject to additional risks, including interest rate, management, tax, economic, environmental and concentration risks.

FTSE EPRA/NAREIT Global Index is a global market capitalization weighted index composed of listed real estate securities in the North American, European, Asian and South American real estate markets including both developed and emerging markets.

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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