

Global Value Fund

Performance Review

For the quarter, the Janus Henderson Global Value Fund underperformed its primary benchmark, the MSCI World IndexSM, and its secondary benchmark, the MSCI All Country World IndexSM. Markets began the year in white-hot fashion, with our primary benchmark gaining 12.5% in the period. A number of themes made familiar during the long bull market returned in early 2019, including the U.S. outperforming international and growth beating value. Coupled with the dreadful final quarter of 2018, recent market movements have been somewhat extreme, which can be disorienting. We believe taking a longer view can be helpful in this regard.

First quarter performance was aided by stock selection in financials and real estate. From a geographic perspective, holdings in Switzerland and the UK outperformed. Our holdings in technology and stock selection in consumer discretionary detracted from relative performance during the period. Holdings in the U.S. and South Korea also lagged. Our cash weighting, which declined significantly toward the end of 2018 as we made incremental investments in the midst of the declining market, detracted as well.

For detailed performance information, please visit janushenderson.com/performance.

Outlook and Positioning

Gains thus far in 2019 have been driven primarily by valuation multiple expansion. The phenomenon is most notable in the U.S., where consensus earnings per share (EPS) estimates for the S&P 500[®] Index in 2019 and 2020 are now both lower than they were to start the year, according to Bloomberg. A similar dynamic has unfolded in Europe with EPS estimates for the STOXX Europe 600 Index trending lower to begin the year. A recent dovish turn by several of the world's leading central banks, combined with investors' hope for better economic growth in the not-too-distant future, seem to be behind the improved sentiment. In our view, the brief window that had opened late last year to purchase securities at attractive valuations in an environment which had clearly become fearful has unfortunately now closed, for the most part.

While sentiment in the market has been volatile and most recently improved, our outlook has been more steady and cautious. The economy has clearly decelerated from a year ago, with the New York Federal Reserve Staff Nowcast estimate for first and second quarter U.S. GDP growth at 1.3% and 1.6%, respectively. Looking abroad, the Brexit debate continues to pressure activity there, various indicators from the eurozone have trended toward stagnation and/or recession and

Highlights

- Stock markets began 2019 in white-hot fashion with the MSCI World Index gaining 12.5% in the first quarter.
- Most of the gains were driven by valuation multiple expansion, not growth in earnings.
- We believe now is a time for caution, that avoiding losses will prove more important than maximizing gains in the coming years.



Gregory Kolb, CFA
Portfolio Manager



George Maglares
Portfolio Manager

1Q19 Portfolio Commentary

China's growth pace continues to slow. While not one in the same, these decelerating GDP trends seem to be working their way into a more modest outlook for corporate profits.

At the same time, central banks have generally already been quite supportive of their economies via low policy rates and significant asset purchases. Short-term rates are already negative in much of the eurozone and Japan, and the U.S. Federal Reserve, while clearly in a better position than its counterparts, has precious little room to cut should the economy weaken further. We wonder whether the "central bank put" is still alive, or perhaps we're transitioning to a different era of sorts in financial markets.

We continue to debate the merits of "stable" businesses at relatively rich multiples as compared to "cyclical" companies at lower multiples. We've shifted our portfolio somewhat toward the latter, though we are aiming to

be very careful about the potential for much weaker earnings and even lower valuation multiples for the more cyclical fare. We continue to believe now is a time for caution, that avoiding losses will prove more important than maximizing gains in the coming years.

Five new positions were established in the quarter: a U.S.-listed self-storage REIT, an India-based wireless communication tower company, a Japan-based steel company, a Japan-based electronic connector manufacturer and a Japan-based diamond cutting tool manufacturer. We exited our holding in Infosys. We continue to hold a portion of the portfolio in cash, though the level has declined as we've identified investment opportunities meeting our criteria.

Thank you for your co-investment and continued confidence in Perkins Investment Management.

Top Contributors and Detractors for the Quarter Ended 3/31/19

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Oracle Corp	4.40	0.78	Pfizer Inc	4.07	-0.09
Synchrony Financial	1.90	0.56	Vodafone Group plc	1.17	-0.09
Alphabet Inc.	4.20	0.51	Grupo Televisa SAB (ADR)	0.51	-0.08
Procter & Gamble Co	1.29	0.41	Bayerische Motoren Werke AG	1.69	-0.08
Johnson & Johnson	4.36	0.39	Grand Korea Leisure Co Ltd.	0.58	-0.07

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.

Top Contributors

Oracle: Oracle is a global technology company that provides database, middleware and application software. The company also provides cloud computing services via the Oracle Cloud. The stock outperformed during the quarter due to solid earnings results, as well as a broad-based recovery in technology stocks during the period following weakness in the fourth quarter. We continue to hold our position.

Synchrony Financial: Synchrony outperformed in the first quarter following the announced renewal of the Sam's Club partnership, the sale of the Walmart portfolio to Capital One and the termination of Walmart's \$800 million lawsuit. Each of these issues had been a large overhang on the stock and drove underperformance in 2018. With this overhang resolved and three of the largest partnerships renewed, Synchrony can accelerate capital redeployment in the form of buybacks and focus on organic growth.

Alphabet: Alphabet is the dominant Internet search provider and has used its large search share across geographies to have a dominant position in digital advertising. The company is a primary beneficiary of the secular shift to online advertising as consumers spend more time in digital platforms than traditional ones such as TV and print. The company remains focused on innovation across its businesses, which help sustain consistent high growth. Alphabet has a deep moat that is protected by the first-mover advantage, technology innovations, patents

Top Detractors

Pfizer: Following a strong performance in 2018, Pfizer lagged the broader market along with the health care sector in the first quarter of 2019. The company's full-year 2019 guidance was lower than expected, although fundamentals remain intact to achieve mid-single-digit growth in the longer term as the impact from patent expirations within the existing drug portfolio lessen while new drug development starts to improve. We continue hold our position in the company.

Vodafone Group: Vodafone is a leading European telecom operator that also has operations in several emerging markets. The stock underperformed during the quarter due to a variety of concerns including increased leverage post the Liberty transaction, increased competitive pressures in Italy and Spain, rising spectrum costs and currency weakness in emerging markets. Leverage will increase to 3x following the closure of the Liberty transaction, however, management has indicated they are open to asset disposals, including a sale of its estimated €12 billion towers portfolio, to reduce leverage if needed. Competitive pressures will likely continue in Italy and Spain for the foreseeable future, but these are offset by a strong German and a stabilizing UK market (an advantage of having a diversified geographic exposure). Overall, we continue to believe the risk-reward remains attractive given Vodafone's leading and diversified telco portfolio.

Top Contributors (continued)

and mindshare with advertising partners. The stock was a top performer this quarter as revenue growth was strong across all segments and came in ahead of consensus expectations. We continue to hold our position.

Top Detractors (continued)

Grupo Televisa: Televisa is both the leading pay-TV provider in Mexico and producer of Spanish-speaking content. The stock underperformed in the quarter driven by a reduction in government advertising spending as well as continued concerns over secular headwinds from digital/over-the-top competition. The new government in Mexico is cutting advertising spending by up to 50%, which is having a direct impact on Televisa's content business. Private advertising spending, however, which represents 90% of Televisa's total ad spending, has been stable. While digital/OTT will continue to challenge the content side, Televisa's scale and vertical integration does give it a slight advantage in terms of lower costs and a history of producing highly rated Spanish content. Additionally, pay-TV, which represents the other two-thirds of the business, continues to be strong, helping offset some of the content headwinds. We believe the risk-reward remains attractive given the company's strong positioning in an underpenetrated pay-TV market, a history of producing highly rated Spanish-speaking content and a solid balance sheet.

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 Class I Shares.

As of 3/31/19 the top ten portfolio holdings of Janus Henderson Global Value Fund are: Oracle Corp (4.39%), Johnson & Johnson (4.36%), Alphabet Inc. (4.20%), Pfizer Inc (4.07%), Wells Fargo & Co (3.84%), Coca-Cola Co (3.08%), PepsiCo Inc (2.89%), Novartis AG (2.43%), Sanofi (2.41%) and Nestle SA (2.09%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 3/31/19 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.

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.

Value stocks can continue to be undervalued by the market for long periods of time and may not appreciate to the extent expected.

S&P 500® Index reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.

STOXX® Europe 600 Index represents large, mid and small capitalization companies across 17 countries in the European region.

MSCI World IndexSM reflects the equity market performance of global developed markets.

MSCI All Country World IndexSM reflects the equity market performance of global 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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