Triton Fund

Investment Environment

Stocks gained ground in the second quarter, but were volatile. Resilient corporate profits and better-than-expected GDP growth drove stocks higher in April. Equities lost ground in May as setbacks in U.S.-China trade negotiations raised fears that trade tensions will further dent global economic growth. Economic data also pointed to a weakening global economy during the period. Stocks then rebounded in June, driven in part by expectations of more accommodative monetary policy from central banks. Several U.S. indices hit record highs during the period.

Performance Discussion

The Fund outperformed its primary benchmark, the Russell 2500™ Growth Index, and its secondary benchmark, the Russell 2000™ Growth Index, during the quarter.

Stock selection in the industrial sector was a large contributor to relative performance. Within the sector, we endeavor to own less-cyclical industrial companies. Many of our companies also have a strong aftermarket business that helps buttress earnings even when the economy slows. This positioning helped relative performance in a quarter where the outlook for the global economy deteriorated.

Strong stock selection in the technology sector also contributed meaningfully to relative results. We are underweight many of the semiconductor and “semi-cap” equipment companies, and that helped relative performance as concerns about how rising trade tensions will disrupt global tech supply chains weighed on those stocks. We’ve long been underweight this segment of the market, not due to trade concerns, but because many of these companies have cyclical, volatile earnings streams. Within the space, we favor companies that provide the software that aids in the design of semiconductors. The software licenses tied to that design software create a steady revenue stream that is less dependent on global semiconductor demand.

While pleased with relative performance this quarter, we still held companies that produced disappointing results and detracted from performance. Puma Biotechnology was one of our largest detractors. The stock was down after the company announced disappointing sales for Nerlynx, its breast cancer drug. We sold out of the position. After several setbacks from the company, we believe there are better opportunities within the health care sector.

AMC Entertainment Holdings was another detractor. The entertainment company’s stock was down due to concerns about its ability to pay down debt, and also due to lower box office sales so far this year. We continue to like the company’s long-term outlook. We believe the company’s CEO is introducing some exciting innovations to improve monetization of the movie theater

Highlights

• Stocks gained ground in the second quarter, but were volatile.

• The Fund outperformed its benchmarks during the period.

• We see several potential sources of market volatility on the horizon, but will be opportunistic and seek to use volatility to our advantage.
experience. Examples include new pricing tactics to improve monetization from blockbuster movies, an expanded menu at the concession stand and a rewards program for moviegoers. We expect better earnings growth as these changes take hold.

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

**Outlook**

While the U.S. economy remains healthy, there are signs it may be slowing. This is not entirely surprising given the length of the current economic expansion. Moving into the back half of the year, slowing global growth is just one potential source of equity market volatility. Rising geopolitical tensions could also present headwinds for stocks. As U.S. elections draw closer, we would also expect political rhetoric to create volatility for stocks tied to specific sectors and industries.

We hope to use this volatility to our advantage. We’ve compiled a list of companies that meet our typical investment criteria, but currently trade at high valuations, and will opportunistically step into these positions if volatility presents a more attractive entry point.

One market dynamic that continues to be top of mind to us this year is a valuation bifurcation among small-cap stocks. We’ve written about this in previous commentaries, but the dynamic persists. Companies tied to secular growth trends such as biotech innovation or Software as a Service continue to trade at extreme multiples. Many of these companies are yet to produce earnings, and instead trade at absurdly high multiples of revenue. At the opposite end of the spectrum, stocks of many companies with any cyclicality to their business models are already pricing in a recession, in our view.

We are navigating this market environment with a balanced approach. We do own some companies tied to powerful secular growth trends, but have been selective. Our holdings in the biotech industry demonstrate this process. We’ve generally avoided the smallest biotech companies in the index, whose potential earnings streams are often tied to a single treatment still under development. Instead, we favor companies with established products whose earnings streams are more visible. We also hold companies providing services that improve drug delivery and development. Such businesses still benefit from broad industry innovation and the proliferation of new drugs, but should be less risky than owning a stock whose performance is tied largely to the binary outcome of a single clinical trial.

We have also been selective among cyclical companies, and have added a few cyclical businesses to our portfolio in recent months. In many cases these companies may operate in cyclical industries, but have a large aftermarket business or other recurring revenue components that make their earnings streams more resilient than the market is currently giving them credit for. We will be patient with these stocks, and believe the market will assign a higher multiple to these companies as they demonstrate the durability of their earnings streams.

**Top Contributors and Detractors for the Quarter Ended 6/30/19**

<table>
<thead>
<tr>
<th>Top Contributors</th>
<th>Ending Weight (%)</th>
<th>Contribution (%)</th>
<th>Top Detractors</th>
<th>Ending Weight (%)</th>
<th>Contribution (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalent Inc</td>
<td>2.73</td>
<td>0.73</td>
<td>Puma Biotechnology Inc</td>
<td>0.00</td>
<td>-0.29</td>
</tr>
<tr>
<td>HEICO Corp</td>
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<td>0.51</td>
<td>SS&amp;G Technologies Holdings Inc</td>
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<td>Broadridge Financial Solutions Inc</td>
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<td>0.49</td>
<td>AMC Entertainment Holdings Inc</td>
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<td>-0.24</td>
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<tr>
<td>Euronet Worldwide Inc</td>
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<td>0.37</td>
<td>Ontex Entertainment Holdings Inc</td>
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<td>-0.15</td>
</tr>
<tr>
<td>LPL Financial Holdings Inc</td>
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<td>0.32</td>
<td>Inogen Inc</td>
<td>0.31</td>
<td>-0.14</td>
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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.
2Q19 Portfolio Commentary

For more information, please visit janushenderson.com.

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. 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 for current month-end performance. Discussion is based on the performance of Class I Shares.

Closed to certain new investors.

As of 6/30/19 the top ten portfolio holdings of Janus Henderson Triton Fund are: Catalent Inc (2.74%), HEICO Corp (2.41%), Euronet Worldwide Inc (2.29%), Broadridge Financial Solutions Inc (2.09%), ServiceMaster Global Holdings Inc (2.03%), LPL Financial Holdings Inc (2.03%), Blackbaud Inc (1.93%), SS&C Technologies Holdings Inc (1.86%), Crown Holdings Inc (1.80%) and Sensient Technologies Corp (1.72%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 6/30/19 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 market risk and it is possible to lose money by investing. Investment return and value will fluctuate in response to issuer, political, market and economic developments, which can affect a single issuer, issuers within an industry, economic sector or geographic region, or the market as a whole. Smaller capitalization securities may be less stable and more susceptible to adverse developments, and may be more volatile and less liquid than larger capitalization securities.

Initial Public Offerings (IPOs) are highly speculative investments and may be subject to lower liquidity and greater volatility. Special risks associated with IPOs include limited operating history, unseasoned trading, high turnover and non-repeatable performance.

Russell 2500® Growth Index reflects the performance of U.S. small to mid-cap equities with higher price-to-book ratios and higher forecasted growth values.

Russell 2000® Growth Index reflects the performance of U.S. small-cap equities with higher price-to-book ratios and higher forecasted growth values.

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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C-0619-25083 10-15-19

188-42-16692 07/19