

FUND COMMENTARY

Venture Fund

Market Environment

- Stocks were volatile in the third quarter against a backdrop of slowing global economic growth and heightened trade tensions. Most indices ended the quarter lower, with small-cap stocks underperforming the broader market.
- While the U.S. economy appeared resilient relative to international markets, the Federal Reserve acknowledged signs of slowing with two interest rate cuts.
- Investors sharply punished companies for even slightly negative earnings news or guidance, adding to market volatility.
- Late in the quarter, investors rotated away from the higher-valuation secular growth stocks that outperformed earlier in the year while they sought value among more cyclical stocks.

Performance Summary

While the Fund had a negative return, it outperformed its primary benchmark, the Russell 2000® Growth Index, but underperformed its secondary benchmark, the Russell 2000® Index, for the quarter ending September 30, 2019. Stock selection in health care was a key driver of relative outperformance.



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

Portfolio Discussion

In health care, we continue to focus on innovative companies meeting unmet medical needs, and our stock selection and underweight allocation to the sector contributed to relative results. Medical device maker Insulet, a top Fund contributor, develops tubeless insulin pumps that provide a more convenient way to deliver insulin, improving the management of diabetes. The company has benefited from a strong innovation pipeline and a favorable regulatory environment, as the FDA has aggressively approved new diabetes-management tools. In our view, Insulet's products represent a paradigm shift in the treatment of diabetes that may improve people's lives while reducing costs for the health care system.

While we continue to see positive trends for many of our health care investments, we recognize short-term issues may at times overshadow their long-term potential. This was especially the case in the third quarter, when investors seemed quick to punish any company with less-than-perfect earnings news. ICU Medical is a company we continue to like in the health care market. It is a leading supplier of IV delivery products, including infusion pumps, consumable bags and tubing, and IV solution. While it benefits from strong competitive positioning and profit margins in these first two segments, recent competitive pressures have hurt pricing in its solution business. This dampened the company's earnings performance, and the stock declined and detracted from Fund performance for the quarter. In our view, this is a short-term issue, and we held onto the stock given our confidence in the company's long-term growth prospects.

In the consumer discretionary sector, we benefited from an investment in amusement park company Cedar Fair, another top contributor for the quarter. Amusement parks have benefited from younger consumers' preferences for spending money on experiences, and unlike retailers they are insulated from e-commerce competition. Cedar Fair's stock declined earlier in the year after bad weather hurt its operating results, but the stock rebounded strongly in the third quarter, aided by operational enhancements and improved labor management. The company is also drawing more recurring revenues from seasonal pass sales, and its disciplined capital allocation has helped it deliver an attractive dividend yield.

Lovesac was a notable detractor in the consumer discretionary sector. The omni-channel retailer sells modular furniture both online and through high-volume, mall-based showrooms and pop-up stores. Until recently, the company has outsourced most of its manufacturing to China, and concerns over the impact of higher tariffs on its business led investors to sell the stock. We believe this was an overreaction, as the company has been rapidly diversifying its manufacturing footprint away from China, a move we believe will reduce costs and long-term risks. For this reason, we maintained an investment in the stock.

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
Insulet Corp	1.56	0.44	Waitr Holdings Inc	0.00	-0.37
Cedar Fair LP	1.54	0.29	ICU Medical Inc	0.62	-0.34
Cimpress NV	0.82	0.24	Catalent Inc	2.28	-0.30
Visteon Corp	0.75	0.21	Euronet Worldwide Inc	2.12	-0.29
LivePerson Inc	0.97	0.20	Lovesac Co	0.45	-0.28

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.

Manager Outlook

While the U.S. economy appears resilient relative to the rest of the world, recent data has pointed to some slowing in the industrials sector. It is also too early to tell whether the late third-quarter rotation away from high-valuation secular growth stocks will persist over the coming quarter. Given numerous uncertainties for the market, we continue to favor a balanced, long-term approach that combines investments in open-ended secular growth opportunities, with carefully selected cyclical companies. Our focus above all remains on identifying exceptional companies with high or improving returns on invested capital, strong free cash flow, experienced management teams and healthy competitive positioning. At the same time, we remain disciplined in managing position sizes and monitoring valuations. In our view, this long-term, disciplined approach is the best way to deliver strong risk-adjusted returns in varying economic backdrops.

Portfolio Management



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For more information, please visit 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. 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 9/30/19 the top ten portfolio holdings of Janus Henderson Venture Fund are: Nice Ltd (ADR) (2.66%), ServiceMaster Global Holdings Inc (2.29%), Catalent Inc (2.27%), Euronet Worldwide Inc (2.12%), LPL Financial Holdings Inc (2.11%), HEICO Corp (1.92%), Blackbaud Inc (1.89%), j2 Global Inc (1.83%), STERIS PLC (1.83%) and SS&C Technologies Holdings Inc (1.82%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 9/30/19 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 2000® Growth Index reflects the performance of U.S. small-cap equities with higher price-to-book ratios and higher forecasted growth values.

Russell 2000® Index reflects the performance of U.S. small-cap equities.

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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