

MID CAP VALUE SMA

PORTFOLIO COMMENTARY | 2Q19

PERFORMANCE REVIEW

The Portfolio outperformed the Russell Midcap® Value Index for the quarter, driven by stock selection across financials, real estate and consumer staples. In a volatile quarter for mid caps, the Portfolio performed well, particularly during the difficult month of May as the market, albeit briefly, focused on trade issues and falling interest rates from disappointing economic results globally. However, and fortunately for the equity markets, the calendar flipped to June and central banks around the world trumpeted dovish commentary regarding monetary policy, igniting a sizable rebound in stock prices. Within financials, our insurance holdings such as RenaissanceRe and Hartford Financial were notable outperformers as pricing was better than expected, which helped lift earnings estimates. Additionally, the stocks benefited from lower interest rates, which can be favorable to insurers' investment portfolios. Our eclectic mix of real estate holdings, including RV park operator Equity LifeStyle and a self-storage provider, outperformed as the broad real estate sector underperformed for the period. In consumer staples, convenience store operator Casey's General Stores posted stronger-than-expected margins and overall improved financial performance, leading to solid gains during the period. Industrials were the strongest-performing sector in the index for the period and while we posted positive gains, our more defensively oriented holdings lagged.



Portfolio Manager:
Kevin Preloger



Portfolio Manager:
Justin Tugman, CFA

EXECUTIVE SUMMARY

- The Portfolio outperformed, driven by stock selection in financials, real estate and consumer staples.
- Notable changes to sector weightings include an increase in technology and a decrease in materials.
- We initiated positions across industries including chemicals, media, networking equipment and an auto auctioneer.

REPRESENTATIVE ACCOUNT TOP CONTRIBUTORS AND DETRACTORS FOR THE QUARTER ENDED 6/30/19

Top Contributors	Ending Weight (%)	Contribution (%)	Top Detractors	Ending Weight (%)	Contribution (%)
RenaissanceRe Holdings Ltd	2.94	0.67	Cimarex Energy Co	1.81	-0.33
Total System Services Inc	1.63	0.45	AO Smith Corp	0.50	-0.20
Hartford Financial Services Group Inc	2.79	0.33	NewMarket Corp	2.20	-0.18
Laboratory Corp of America Holdings	2.73	0.33	Apergy Corp	1.11	-0.16
Casey's General Stores Inc	1.55	0.31	Affiliated Managers Group Inc	1.27	-0.16

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.

Past performance is no guarantee of future results.

Discussion is based on performance gross of fees and expenses.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

As of 6/30/19 the top ten portfolio holdings of the Representative Account are: Evergy, Inc. (3.11%), M&T Bank Corp (2.98%), RenaissanceRe Holdings Ltd (2.94%), Hartford Financial Services Group Inc (2.79%), Equity LifeStyle Properties Inc (2.79%), Laboratory Corp of America Holdings (2.73%), Equity Commonwealth (2.71%), Axis Capital Holdings Ltd (2.62%), Lamar Advertising Co (2.36%) and Entergy Corp (2.33%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

Portfolio holdings are as of the date indicated, and are subject to change. This material should not be construed as a recommendation to buy or sell any security.

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 risk, including the possible loss of principal and fluctuation of value.

Perkins Mid Cap Value Managed Account Composite, benchmarked to the Russell Midcap Value Index, includes portfolios that are broadly diversified and seek to identify quality mid-sized US companies trading at discounted prices with favorable risk/reward potential. Portfolios invest primarily in US companies whose market capitalization, at time of initial purchase, fall within the 12-month average of the capitalization range of the Russell Midcap Value Index. Prior to January 1, 2005 returns for the composite are for the Institutional Perkins Mid Cap Value Composite. Prior to January 1, 2003 that composite included both institutional accounts and mutual funds. The composite was created in January 2005.

Russell Midcap[®] Value Index reflects the performance of U.S. mid-cap equities with lower price-to-book ratios and lower forecasted growth values.

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