

US MID CAP VALUE STRATEGY

At a glance

Performance

The Portfolio returned 10.15% (gross) and the Russell Midcap® Value Index returned 8.23%.

Contributors/detractors

Stock selection led to broad-based outperformance, especially in the materials sector. Stock selection in the industrials sector detracted from relative performance.

Outlook

We believe the portfolio remains well positioned for both long-term investment opportunities and defending against market volatility.

Portfolio management



Kevin Preloger



Justin Tugman, CFA

Investment environment

- Stocks rallied as a healthy job market and resilient consumer spending supported economic growth despite an unstable geopolitical environment. Inflation moderated but not as quickly as investors wanted. This dimmed hopes for aggressive interest rate cuts in 2024. The Federal Reserve (Fed) held rates steady but signaled the potential for rate cuts later in the year.
- We were pleased to see higher-quality companies with lower debt levels and higher returns on equity generally outperform in the first quarter. Within the Russell Midcap® Value Index, cyclical sectors such as industrials and energy had the strongest performance. More interest rate sensitive and highly levered sectors, such as communications services and real estate, underperformed.

Portfolio review

Property and casualty insurer Hartford Financial Services, one of our largest holdings, was a top relative contributor. The stock benefited as investors flocked to insurance companies on optimism that an improved pricing environment would help offset inflationary pressures.

Industrials holding Carlisle, a supplier of energy-efficient roofing materials, was another strong contributor, benefiting from solid earnings growth supported by resilient construction activity. We moved to an underweight position in the industrials sector as we took profits on holdings, such

as Carlisle, that were less attractively valued following strong share price performance and significant multiple expansion.

Financial processing holding Fidelity National was another relative outperformer, as bookings growth at its core bank improved. The company also completed the partial divestiture of its Worldpay unit and appears positioned for more recurring revenues.

Health insurer Humana was a relative detractor, as higher-than-expected patient utilization rates and costs for its Medicare Advantage plan pressured the near-term earnings outlook. Given Humana's long record of earnings growth, we see this as a short-term issue and maintain the stock.

The realization that interest rates may remain higher for longer was a headwind for several of our real estate stocks, including Agree Realty, a retail net lease company, and Equity Lifestyle Properties, an owner of manufactured housing communities. We remain underweight in the real estate sector, where interest-rate concerns are overshadowing positive fundamentals.

We remain on the lookout for opportunities to use volatility to our advantage as we identify compelling investment opportunities with attractive valuations. The portfolio ended the quarter overweight in the healthcare, materials, energy, and consumer staples sectors and underweight in the utilities, real estate, communication services, consumer discretionary, information technology, financials, and industrials sectors.

Manager outlook

We are reassured to see relatively favorable economic fundamentals, including low unemployment, positive

economic growth, and signs of a bottoming in manufacturing activity. At the same time, we have noted pockets of weakness, including signs that financial pressures may be starting to impact both high- and low-end consumer spending. Additionally, inflation has not retreated as quickly as expected and remains well above Fed targets. Heading into the first quarter, we cautioned that investment markets were likely overly optimistic in pricing in six Fed rate cuts for 2024. Over the past three months, investors have reduced their forecasts to three rate cuts. Given such dynamics, it is hard not to see the current rally as at least partly fueled by euphoria rather than fundamentals, as can be witnessed in the market's obsession with artificial intelligence-related stocks.

However, we see reasons for optimism, including in a renewed focus on fundamentals in the value market. We

also note that historically speaking, the interval between the last Fed rate hike and the first Fed rate cut has been a period of solid equity market performance. The track record of market performance once the Fed starts cutting rates is not as positive, as such action often comes in response to other market stressors. Given the uncertainties in this environment, we remain committed to our disciplined investment process, even as we seek to avoid excess risk. We believe the current environment may provide us with many opportunities to identify well-managed and attractively valued companies that demonstrate proven earnings growth, strong free cash flow, and low debt levels that can help them navigate any potential economic challenges.

US Mid Cap Value Strategy (as of 03/31/24)

Performance - USD (%)

Returns	Cumulative			Annualized			
	1Q24	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception (10/01/98)
Composite (gross)	10.15	10.15	23.24	8.91	10.18	8.72	12.06
Composite (net)	9.95	9.95	22.33	8.11	9.37	7.92	11.11
Russell Midcap® Value Index	8.23	8.23	20.40	6.80	9.93	8.57	9.85

Past performance cannot guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value. Returns greater than one year are annualized. Returns are expressed in U.S. dollars unless otherwise stated. Composite returns are net of transaction costs and gross of non-reclaimable withholding taxes (if any and unless otherwise noted), and reflect the reinvestment of dividends and other earnings.

Portfolio

Top Contributors (%)	Average Weight	Relative Contribution	Top Detractors (%)	Average Weight	Relative Contribution
Hartford Finl Svcs G	2.97	0.50	Humana Inc	1.24	-0.51
Vontier Corporation	1.53	0.31	Agree Realty Corp	1.35	-0.22
Bwx Technologies Inc	1.33	0.31	Globe Life Inc	1.76	-0.21
Carlisle Corp	1.85	0.28	Alliant Corp	2.33	-0.21
Fidelity Natl Inform	2.22	0.26	Equity Lifestyle Ppt	1.29	-0.21

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 recently available disclosure period contact a Janus Henderson institutional team representative.

Relative contribution reflects how the portfolio's holdings impacted return relative to the benchmark. Cash and securities not held in the portfolio are not shown.

Top Holdings (%)	Fund
Hartford Financial Services Group Inc	2.75
Freeport-McMoRan Inc	2.46
Casey's General Stores Inc	2.44
Fidelity National Information Services Inc	2.41
Chesapeake Energy Corp	2.37
Marathon Oil Corp	2.34
Entergy Corp	2.30
Alliant Energy Corp	2.26
Cardinal Health Inc	2.19
Lamar Advertising Co	2.17
Total	23.69

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INVESTORS

Definitions

Volatility measures risk using the dispersion of returns for a given investment.

Return on Equity (ROE) is the measure of a company's annual return (net income) divided by the value of its total shareholders' equity, expressed as a percentage. The number represents the total return on equity capital i.e., the profits made for each dollar from shareholders' equity.

Free cash flow (FCF) yield is a financial ratio that measures how much cash flow a company has in case of its liquidation or other obligations by comparing the free cash flow per share with the market price per share and indicates the level of cash flow the company will earn against its share market value.

To receive a complete list and description of composites and/or a presentation that complies with the requirements of the GIPS® standards, please visit [janushenderson.com/us-institutional](https://www.janushenderson.com/us-institutional) to contact a Janus Henderson institutional team representative.

The gross performance results presented do not reflect the deduction of investment advisory fees. Returns will be reduced by such advisory fees and other expenses as described in the individual contract and, where applicable, Form ADV Part 2A.

Net performance results do not reflect the deduction of investment advisory fees actually charged to the accounts in the composite but do reflect the deduction of model investment advisory fees based on the maximum fee rate in effect for the respective time period, adjusted for performance-based fees where applicable. Actual advisory fees may vary among clients invested in the strategy and may be higher or lower than model fees. Returns for each client will be reduced by such fees and expenses as described in the individual contract and, where applicable, in Form ADV Part 2A.

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US Mid Cap Value Composite, benchmarked to the Russell Midcap® Value Index, includes portfolios that are broadly diversified and seek to identify quality mid-sized 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 2003 and since 2009 the composite included both institutional accounts and mutual funds. In 2003 and 2004 the composite included only separately managed institutional accounts, and in 2005 sub-advised pooled funds were also included. A \$1 million minimum asset size was used prior to 2006. Prior to May 2021, the composite was known as the Perkins US Mid Cap Value Composite. The composite was created in December 1998.

Information relating to portfolio holdings is based on the representative account in the composite, which reflects the typical portfolio management style of the investment strategy. Other accounts in the strategy may vary due to asset size, client guidelines and other factors.

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

For equity portfolios, relative contribution compares the performance of a security in the portfolio to the benchmark's total return, factoring in the difference in weight of that security in the benchmark. Returns are calculated using daily returns and previous day ending weights rolled up by ticker, gross of advisory fees, may exclude certain derivatives and does not represent actual performance.

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

Discussion is based on performance gross of fees.

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

Index returns are provided to represent the investment environment existing during the periods shown. The index is fully invested, including the reinvestment of dividends and capital gains. Index returns do not include any transaction costs, management fees or other costs, and are gross of non-reclaimable withholding taxes, if any and unless otherwise noted.

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