Janus Henderson INVESTORS

JANUS HENDERSON CAPITAL FUNDS PLC - JANUS HENDERSON US FORTY FUND

A2 USD ISIN IE0004445239

At a glance

Performance
The Fund returned 2.14%, the Index returned 1.76% and the Sector returned 2.18%.

Contributors/detractors
Stock selection in the consumer discretionary and financials sector contributed to relative performance, while stock selection in the healthcare and communication services sectors detracted from relative performance.

Outlook
Elevated valuations and increased return dispersion among the Magnificent Seven stocks underscore the importance of fundamental analysis in navigating the current market.

Portfolio management

Doug Rao

Nick Schommer, CFA

Brian Recht

Investment environment

- US stocks rose in March as healthy job growth and resilient consumer spending continued to support US economic growth.
- Inflation showed signs of moderating, although not as quickly as investors had hoped. The US Federal Reserve (Fed) left policy rates unchanged but signalled the potential for rate cuts in the coming months.
- Meanwhile, robust corporate results, particularly from some mega-cap US information technology companies, reignited investor interest in artificial intelligence (AI) and helped fuel the broader market advance.

Portfolio review

Deere & Company, a manufacturer of agricultural equipment, was among the top contributors to relative performance. The stock's performance in March benefited from positive sentiment around the company's launch of four agricultural products and an increase in the stock's quarterly dividend. These products, which include advanced tractors, air carts, combines and AI-enabled weed sensing technology, highlight Deere's commitment to innovation and environmental stewardship.

Insurance company Progressive Corporation was also among the top relative contributors. The company surpassed analyst expectations, with strong earnings and revenue growth. Market share gains, along with improvement in underwriting profitability and reserve development, also boosted investor enthusiasm.

Workday Inc., an enterprise management software provider, was among the top detractors from relative performance. The company delivered a disappointing earnings report, with continued subscription revenue growth deceleration in 2023. Given recent headcount additions and potentially slowing subscription revenue, we continue to evaluate the company's outlook for free-cash-flow generation.

Adobe Inc., an enterprise software provider, also detracted from relative performance. The stock had declined after the company issued weaker-then-expected growth in revenues, especially recurring revenues. Adobe's management team was also cautious about reaffirming 2024 guidance, especially for its digital media business. These results raised investor concerns over Adobe's market positioning as it faces competition from new AI-powered graphics solutions.

Manager outlook

We witnessed a strong start for US equity returns in 2024, buoyed by optimism from declining inflation and dovish comments from the Fed, suggesting possible rate cuts starting around June.

Despite this optimism, we are approaching the market with a balanced perspective, recognising the interplay of several factors. A healthy jobs market and consumer spending could continue to support economic growth and the risk-on market environment. Furthermore, significant investments are being made to rearchitect data centres for AI capabilities, which are driving strength across large swaths of the technology industry, industrials and real estate.

However, we continue to monitor several risks. Elevated valuations in some pockets of the market are a concern, given that they parallel those of 2021 without the same supportive cost of capital, which is much higher today. Moreover, market concentration continues, with about 46% of the Russell 1000® Growth Index weight in a handful of Magnificent Seven technology giants, which comes with its own set of risks.

We believe understanding the fundamentals of individual companies has become increasingly important in navigating the current market, especially as we may experience a return to a healthier dispersion among stocks. The Magnificent Seven stocks continued as a primary driver of market returns; however, that influence has waned compared to last year, and there was significant dispersion of returns within that cohort.

While we continue to monitor macroeconomic and market trends, our primary focus remains on evaluating companies' business models as bottom-up fundamental investors. We look for competitively advantaged companies in healthy, growing end markets that have the ability to thrive regardless of the economic backdrop.

Performance (%)

Returns	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
	Cumulative				Annualised		
A2 USD (Net) with sales charge	-2.97	7.05	7.05	29.58	4.71	13.24	12.16
Index	1.76	11.41	11.41	39.00	12.50	18.51	15.98
Sector	2.18	10.71	10.71	33.89	6.81	13.88	12.11
A2 USD (Net)	2.14	12.68	12.68	36.40	6.52	14.40	12.74

Calendar year	YTD at Q1 2024	2023	2022	2021	2020	2019
A2 USD (Net)	12.68	37.13	-34.32	21.26	37.27	34.45
Index	11.41	42.68	-29.14	27.60	38.49	36.39
Sector	10.70	34.27	-30.62	20.93	33.97	32.32

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. © 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.**

Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at www.janushenderson.com.

Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

Past performance does not predict future returns.

Fund details

Inception date	24 December 1998
Total net assets	$1.10bn
Asset class	Equities
Domicile	Ireland
Structure	Irish Investment Company
Base currency	USD
Index	Russell 1000® Growth Index
Morningstar sector	US Large-Cap Growth Equity

Investment objective

The Fund aims to provide capital growth over the long term. The Fund seeks to achieve its objective by investing at least 80% of its assets in a concentrated portfolio of 20-40 equities of US companies selected for their growth potential. The Fund generally invests in larger companies in any industry and sector.

Fund specific risks

When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact the value of the Fund due to differences in short-term interest rates between the currencies. The Fund follows a growth investment style that creates a bias towards certain types of companies. This may result in the Fund significantly underperforming or outperforming the wider market. The Fund could lose money if a counterparty with which the Fund trades becomes unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider. Shares/Units can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result. Shares of small and mid-size companies can be more volatile than shares of larger companies, and at times it may be difficult to value or to sell shares at desired times and prices, increasing the risk of losses. If a Fund has a high exposure to a particular country or geographical region it carries a higher level of risk than a Fund which is more broadly diversified. This Fund may have a particularly concentrated portfolio relative to its investment universe or other funds in its sector. An adverse event impacting even a small number of holdings could create significant volatility or losses for the Fund. The Fund may use derivatives to help achieve its investment objective. This can result in leverage (higher levels of debt), which can magnify an investment outcome. Gains or losses to the Fund may therefore be greater than the cost of the derivative. Derivatives also introduce other risks, in particular, that a derivative counterparty may not meet its contractual obligations. If the Fund holds assets in currencies other than the base currency of the Fund, or you invest in a share/unit class of a different currency to the Fund (unless hedged, i.e. mitigated by taking an offsetting position in a related security), the value of your investment may be impacted by changes in exchange rates. Securities within the Fund could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses.

FOR MORE INFORMATION PLEASE VISIT **JANUSHENDERSON.COM**

Janus Henderson
INVESTORS