Janus Henderson INVESTORS

CONCENTRATED GROWTH MANAGED ACCOUNT

At a glance

Performance

The Portfolio returned 13.53% (gross) and the Russell 1000® Growth Index returned 14.16%.

Contributors/detractors

Stock selection in the information technology and consumer discretionary sectors contributed to relative performance. Stock selection in the health care and material sectors detracted.

Outlook

Our focus remains on finding highly resilient and innovative companies gaining market share and operating in fast-growing end markets.

Portfolio management

Doug Rao

Nick Schommer, CFA

Brian Recht

Investment environment

- The Russell 1000 Growth Index posted a gain for the quarter. In October, the index declined before rallying strongly in November and December as investor expectations shifted from fears of additional interest hikes to hopes that moderating inflation might persuade the Federal Reserve (Fed) to reduce rates in 2024. As a result, the 10-year Treasury yield fell below 4% by quarter-end after reaching nearly 5% in mid-October.
- Economic data released during the quarter were largely positive, helping to alleviate inflation concerns and underpinning investor hopes that the U.S. could avoid an economic downturn. Unexpectedly, gross domestic product (GDP) grew strongly in the third quarter by an annualized 4.9%, driven by consumer spending and up sharply from the second quarter's expansion of 2.1%. Annual inflation eased to 3.1% in November – a five-month low – down from 3.7% in September, while job growth remained solid, and the unemployment rate remained fairly steady.
- Corporate earnings remained relatively strong, aided by reduced input prices.

Portfolio review

Danaher Corp, a global life sciences and diagnostics company, was among the top relative detractors for the quarter. The stock underperformed amid slower-than-expected bioprocessing demand, which is a significant portion of its business. Exposure to China, which continues to see COVID-19 weakness, also hurt. We expect to see an acceleration throughout many parts of the business in 2024 and believe Danaher remains a well-diversified, high-quality company that has shifted to a faster-growing mix of businesses in recent years.

Deere & Company, an agricultural equipment manufacturer, was also among the top relative detractors. Despite reporting strong fiscal year earnings, the share price fell amid a more cautious 2024 industry outlook. Lower sales forecasts, market uncertainties around farm fundamentals, and elevated interest rates contributed to the company's conservative outlook, particularly in Brazil. We continue to assess Deere's position in its business cycle as the company may be closer to the bottom than mid-cycle. We also recognize its investments in competitive advantages beyond its agricultural roots and are encouraged by improving business fundamentals.

Workday Inc., an enterprise management software provider, was a top quarterly contributor after exceeding revenue and earnings estimates. Robust demand for its financial and human capital management solutions across diverse sectors and artificial intelligence (AI) integrations drove performance. By raising its 2024 subscription revenue guidance, Workday indicated continued growth and market strength.

ASML Holding, a semiconductor equipment company, was also among the top contributors. During the quarter, it was increasingly recognized that leading-edge fabrication customers of ASML are continuing with their plans to open new facilities. These are significant investments, and it will require considerable sales from ASML into 2025 and 2026 to meet demand when those facilities open. We remain confident in ASML's competitive advantage with its sophisticated, high-margin lithography tools necessary for leading-edge semiconductor manufacturing, which could gain importance amid megatrends like generative AI.

Manager outlook

"Another challenging year for stocks in 2023. We see the S&P 500 landing somewhere between 2,800 (pessimistic) and 3,400 (optimistic) at year-end 2023."[1]

This is one of many headlines written a year ago by leading macro-economists, nearly all of whom were negative on the equity backdrop in 2023. However, the S&P 500® Index ended 2023 up over 24% (at nearly 4,800), and the NASDAQ Index had its best year in a quarter century. We do not claim to have more informed macroanalysis than these economists, but we do recognize the exceptional difficulty in predicting market performance in any given year. Instead, our focus remains on constructing a portfolio of 35-40 highly resilient and innovative companies.

American capitalism has consistently shown remarkable resiliency in the face of adversity. During COVID-19, for instance, restaurants adapted by implementing individualized outdoor pods, while travel companies streamlined their expenses to maximize cash flow before travel resumed. While the economy and capital markets will surely have ups and downs, we believe that we can grow invested capital by owning the most resilient and high-quality companies. Further, we seek companies gaining market share and operating in end markets that are poised for faster growth than the overall economy.

The question then becomes: what end markets should structurally grow faster than the broader economy over the next decade? We believe three megatrends will shape the investment landscape – deglobalization, digitization, and decarbonization.

In 2020, the shortcomings of globalization were exposed during the pandemic, leading to disruptions in supply chains and inventory shortages. When combined with increasing geopolitical tensions, we believe the investment environment for the next decade will be marked by deglobalization, in contrast to globalization over the prior two decades. Deglobalization may drive companies to onshore more production, potentially resulting in structurally higher inflation as well as capital and labor costs. One of the companies we own in the portfolio is a large global producer of industrial gases such as oxygen, nitrogen, and hydrogen. As onshoring increases, we believe this company is well positioned to benefit as these gases are crucial for the construction of new domestic fabrication plants and food storage facilities.

Digitization is another megatrend we anticipate will continue to outpace the overall economy. A company we bought in the fourth quarter is a large online commerce platform with operations in numerous Central and South American countries that we believe should benefit from increased digitization. E-commerce penetration is only around 12% in Latin America versus approximately 20% in the U.S., setting the region up for many more years of growth and share gains.

Regarding decarbonization, Deere & Company exemplifies this theme as the company transitions from a cyclical machinery manufacturer to a technology leader specializing in precision agriculture. By using software and technology to optimize planting spaces, Deere can help farmers increase yields and reduce fertilizer usage. Given that agriculture accounts for approximately 10% of greenhouse gas emissions[2] and that up to 80% of fertilizer products are derived from natural gas,[3] Deere supports agricultural productivity and global decarbonization.

While we do not believe that 2024 market gains will replicate those of 2023, we seek to own a portfolio of companies that are aligned with these megatrends and could continue to compound and take share through a variety of market and economic environments.

Concentrated Growth Managed Account (as of 12/31/23)

Performance - USD (%)

Returns	Cumulative 4Q23	Cumulative YTD	Cumulative 1 Yr	Annualized 3 Yr	Annualized 5 Yr	Annualized 10 Yr	Annualized Since Inception (10/01/94)
Composite (pure gross*)	13.53	39.48	39.48	4.83	17.12	14.07	14.48
Composite (net)	12.73	35.52	35.52	1.77	13.74	10.77	11.15
Russell 1000® Growth Index	14.16	42.68	42.68	8.87	19.50	14.86	10.81

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. All returns reflect the reinvestment of dividends and other earnings.

*Pure gross performance results do not reflect the deduction of any trading costs, fees or expenses and returns will be reduced by such advisory fee and other contractual expenses as described in the individual contract and Form ADV Part 2A. Pure gross returns are supplemental to net returns.

Net returns are calculated by subtracting the highest applicable Managed Account fee (3.00% annually, or 0.25% monthly) from the pure gross or gross composite return. The Managed Account fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The fees are available on request and may be found in Form ADV Part 2A.

Representative Portfolio

Top Contributors (%)	Average Weight	Relative Contribution
Workday Inc	3.83	0.51
Asml Holding N V	2.20	0.31
Madrigal Pharmaceutical	0.60	0.24
American Tower Reit	1.66	0.22
Hilton Worldwide Hldgs	2.50	0.17

Top Detractors (%)	Average Weight	Relative Contribution
Argenx Se	0.70	-0.29
Mastercard Inc	5.88	-0.29
Danaher Corp	2.54	-0.22
Deere & Co	2.50	-0.19
Illumina Inc	1.49	-0.15

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.

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 (%)	Rep Acct
Microsoft Corp	10.47
Amazon.com Inc	7.42
Apple Inc	6.17
Mastercard Inc	5.58
Meta Platforms Inc	5.30
Alphabet Inc	4.33
NVIDIA Corp	4.32
Workday Inc	3.93
UnitedHealth Group Inc	2.60
Hilton Worldwide Holdings Inc	2.59
Total	**52.71**

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Definitions

10-Year Treasury Yield is the interest rate on U.S. Treasury bonds that will mature 10 years from the date of purchase.

National Association of Securities Dealers Automated Quotation System (NASDAQ) is a nationwide computerized quotation system for over 5,500 over-the-counter stocks. The index is compiled of more than 4,800 stocks that are traded via this system.

[1] Trahan Macro Research, "Another Challenging Year for Stocks in 2023." January 4, 2023

[2] EPA, "Total U.S. Greenhouse Gas Emissions by Economic Sector." 2021

[3] America Gas Association, "Natural Gas Critical to Agriculture Sector." March 22, 2023

To receive a complete list and description of composites and/or a presentation that complies with the requirements of the GIPS® standards, please contact Janus Henderson at 800.668.0434.

The opinions are as of 12/31/23, are subject to change and may not reflect the views of others in the organization. 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.

Concentrated Growth Managed Account Composite, benchmarked to the Russell 1000 Growth Index, includes portfolios that take concentrated positions in larger well-established companies along with smaller, more aggressive companies selected for their growth potential. A typical portfolio concentrates its investments in 30 to 40 equity securities. Prior to September 1, 2006 returns for the composite are for the Institutional Concentrated Growth Composite, which consisted of separately managed institutional accounts as well as sub-advised pooled funds. The composite was created in September 2006.

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.

Holdings are subject to change without notice.

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.

There is no assurance the stated objective(s) will be met.

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

Discussion is based on performance gross of fees and expenses.

Growth stocks are subject to increased risk of loss and price volatility and may not realize their perceived growth potential.

Funds classified as "nondiversified" can take larger positions in a smaller number of issuers than "diversified" funds, which could lead to greater volatility.

Actively managed portfolios may fail to produce the intended results. No investment strategy can ensure a profit or eliminate the risk of loss.

Actively managed investment portfolios are subject to the risk that the investment strategies and research process employed may fail to produce the intended results. Accordingly, a portfolio may underperform its benchmark index or other investment products with similar investment objectives.

Russell 1000® Growth Index reflects the performance of U.S. large-cap equities with higher price-to-book ratios and higher 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.

Janus Henderson Investors claims compliance with the Global Investment Performance Standards (GIPS®). For the purpose of claiming GIPS compliance, Janus Henderson Investors defines its GIPS Firm as the following entities within Janus Henderson Group plc that directly manage assets: Janus Henderson Investors UK Limited, Janus Henderson Investors (Singapore) Limited (excluding private equity assets), Janus Henderson Fund Management UK Limited, Janus Henderson Investors US LLC and Janus Henderson Investors (Australia) Institutional Funds Management Limited. The GIPS firm was formed on January 1, 2018 as a result of the merger of the predecessor GIPS firms Janus Capital Management LLC and Henderson Global Investors, which previously claimed compliance since January 1, 1994 and January 1, 2009, respectively.

Janus Henderson provides investment advisory services in the U.S. through Janus Henderson Investors US LLC, together with its participating affiliates.