Janus Henderson INVESTORS

US MID CAP GROWTH STRATEGY

At a glance

Performance
The Portfolio returned 8.71% (gross) and the Russell Midcap® Growth Index returned 9.50%.

Contributors/detractors
Stock selection in the industrials sector detracted from relative performance. Stock selection in the information technology sector contributed.

Outlook
We remain committed to a disciplined, risk-aware investment approach that considers fundamentals and relative valuations.

Portfolio management

Brian Demain, CFA

Philip Cody Wheaton, CFA

Investment environment

- Stocks rallied as healthy job growth and resilient consumer spending supported economic growth. Moderating inflation raised hopes that the Federal Reserve (Fed) may reduce interest rates in the months to come.
- Robust corporate results and investor interest in artificial intelligence (AI) led to more speculative risk-taking. Nonetheless, the first-quarter market advance was relatively broad-based, with gains across most sectors of the Russell Midcap® Growth Index.

Portfolio review

Relative performance was hindered by our investment in Teleflex, a provider of single-use medical devices used in diagnostic, critical care, and surgical applications. Teleflex has seen organic growth slow due to softer demand for certain medical procedures. The company also cautioned that increased tax rates and the cost of a recent acquisition may pressure near-term earnings. Despite these short-term challenges, we remain invested in Teleflex due to its track record of innovation and earnings growth and because of its shareholder-focused approach to capital allocation.

ON Semiconductor, another detractor, supplies analog and power semiconductors to automotive and industrial end markets. The company has been a beneficiary of the growth in the electric vehicle (EV) market, aided by its strong competitive positioning in silicon carbide chips that help improve battery performance. However, order growth for silicon carbide chips has softened recently, as a major EV manufacturer warned of weaker sales trends. As a result, ON Semiconductor reduced guidance for the second consecutive quarter. Despite this downward revision, we expect demand for EVs and related chips will continue to grow in 2024, albeit not as fast as investors had previously expected. We believe ON Semiconductor is well positioned to capitalize on this growth given that it is one of a handful of trusted suppliers of silicon carbide chips.

Relative performance benefited from our position in Flex, a provider of outsourced contract design, manufacturing, and engineering services. Following a management change several years ago, Flex invested in end markets, such as healthcare and alternative energy, that have offered higher profit margins and longer product cycles. Investors have shown increased appreciation for this business model, which has supported strong financial performance for Flex. The company also recently spun off its solar panel tracking subsidiary, leaving the standalone business trading at a very attractive valuation relative to its peers. Flex is also gaining attention as a supplier of computer server racks, which could see increased demand as data centers retool to support AI workloads.

Financial services holding WEX was another notable contributor. We have long liked WEX for its diversified revenue streams and cloud-based payments platform, which supports travel bookings and health savings accounts. WEX also issues credit cards that help companies manage vehicle fleet fuel costs. Revenues from this business have risen along with retail gasoline prices, aiding WEX's near-term earnings outlook. We remain excited by WEX's ties to large end markets that are increasingly adopting digital payment solutions and have the potential to grow faster than the broader economy. The company has also shown a commitment to returning money to shareholders through stock repurchases.

Manager outlook

We have been encouraged by the continued strength of the U.S. economy, supported by healthy job growth, resilient consumer spending, and increased fiscal expenditures under the Infrastructure Investment and Jobs Act. We have also welcomed signs of cooling inflation, which have allowed the Fed to discuss potential rate cuts. At the same time, we note that the recent equity market rally has been driven by hopes for a "Goldilocks scenario" of continued strong growth, moderating inflation, and declining interest rates. If investors are disappointed on any one of these fronts – for example, if inflation flares up – we may see a return to market volatility. For this reason, we remain committed to our risk-aware investment approach. We continue to emphasize companies with strong balance sheets, sustainable competitive advantages, and above-average earnings trajectories. We also remain disciplined in avoiding investments where we believe valuations are not fully supported by expected earnings growth. We see this discipline as especially important as we seek to capitalize on emerging secular growth trends, such as AI, that have the potential to transform the economy.

Rather than investing in growth at any cost, we remain on the lookout for attractively priced opportunities that may not yet be readily apparent to other investors. For example, we recently added exposure to electric utilities, which we believe could see surging demand to power everything from AI to EVs. Electric utility providers are also investing in grid reliability and renewable energy, and they benefit from protected competitive positions. In our estimation, this creates a recipe for steady earnings and dividend growth. We remain committed to our bottom-up investment approach as we continue to pursue long-term performance while seeking to manage downside risk.

Performance - USD (%)

	Cumulative			Annualized			
Returns	**1Q24**	**YTD**	**1 Yr**	**3 Yr**	**5 Yr**	**10 Yr**	**Since Inception (04/01/89)**
Composite (gross)	8.71	8.71	18.82	7.08	12.53	13.47	14.63
Composite (net)	8.54	8.54	18.06	6.39	11.81	12.75	13.63
Russell Midcap® Growth Index	9.50	9.50	26.28	4.61	11.81	11.35	11.03

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
Flex Ltd	2.25	0.39
Berkley W R Corp	2.34	0.34
Wex Inc	2.61	0.29
Boston Scientific Co	3.07	0.26
Nice Sys Ltd	1.35	0.26

Top Detractors (%)	Average Weight	Relative Contribution
On Semiconductor Cor	2.28	-0.55
Teleflex Inc	2.67	-0.55
Revvity Inc	2.03	-0.29
Teledyne Technologie	1.95	-0.28
Entain Plc	0.64	-0.21

Top Holdings (%)	Fund
Constellation Software Inc/Canada	4.13
GoDaddy Inc	3.21
Boston Scientific Corp	3.09
WEX Inc	2.78
Teleflex Inc	2.67
Intact Financial Corp	2.64
SS&C Technologies Holdings Inc	2.63
W R Berkley Corp	2.40
Flex Ltd	2.33
Amdocs Ltd	2.14
Total	**28.02**

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Definitions

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

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 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.

The opinions are as of 03/31/24, 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.

US Mid Cap Growth Composite, benchmarked to the Russell Midcap® Growth Index, includes portfolios that invest in a diversified portfolio of mid-sized companies selected for their potential for predictable and sustainable growth. 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 Growth Index. Effective January 1, 2005 the composite definition was changed to include sub-advised pooled funds as well as separately managed institutional accounts. Effective January 1, 2009 the composite definition was expanded to also include proprietary mutual funds. A minimum asset size requirement of $5 million for composite participation was used prior to January 1, 2006. The composite was created in January 1995.

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® Growth Index reflects the performance of U.S. mid-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.

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