

Janus Henderson US Forty Fund

Q2 2023

Marketing communication - For professional investors only
Past performance does not predict future returns

Fund Managers Names

Doug Rao, Nick Schommer, CFA, Brian Recht

Investment environment

The Russell 1000® Growth Index posted a strong gain for the quarter, dominated by strength in a small group of mega-cap technology stocks. Innovations in artificial intelligence (AI) fuelled much of the market's growth and investor optimism. Inflation moderated from rates of 8%-9% in 2022, to around 4% the last six months. Recession and banking contagion fears also eased to some extent, due to a strong labour market and healthy consumer balance sheets. The Federal Reserve (Fed) raised rates during the quarter, but paused at its June meeting in response to volatility in the banking sector, and to assess the eventual effects of its rapid series of rate hikes. However, the Fed left the possibility for future rate increases open.

Portfolio review

The fund (class A2 US dollar shares) underperformed its Russell 1000® Growth Index benchmark for the quarter.

Illumina, a leader in advanced tools used for genetic sequencing, was among the top detractors for the period. The company was recently ordered by the Federal Trade Commission (FTC) to divest GRAIL, which makes cancer early-detection tests. This was one in a series of regulatory roadblocks for the acquisition. We believe activist investor involvement – including a push for new board members and replacing the company's CEO – could be beneficial, allowing Illumina to refocus on its dominant position in gene sequencing. We viewed the recent noisy period as an opportunity to build our position in the company.

Pharmaceutical company AbbVie was also a top detractor, as the stock declined amid revenue drops from its best-selling drug Humira, combined with some pricing concerns for its other drugs Rinvoq and Skyrizi. However, we believe these difficulties are transitory for the company, and we like AbbVie's potential and what we see as an attractive valuation.

Semiconductor company Marvell Technology is a leading provider of baseband processors, which are instrumental in the build-out of 5G networks and data centre applications. The stock was among the top positive contributors, as it outperformed due to tailwinds from recent advancements in generative AI combined with optimistic management commentary about a broad-based rebound in demand.

The fund's overweight position in online retailer and cloud platform provider Amazon was another top contributor. We saw signs of improvement in Amazon's retail business, which saw losses in the previous two years but is now on a trajectory to reach healthy, pre-pandemic profitability levels. While growth slowed in Amazon's AWS cloud business, we are encouraged by its management's commentary and an accelerating order backlog in this segment.

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Manager outlook

While the Fed paused rate rises in June and appears to be near the end of its monetary tightening cycle, we believe the effects of rate increases have not yet been fully felt in the broader economy. Indeed, economic growth has been surprisingly resilient despite one of the most rapid series of rate hikes in history. At the same time, inflation has moderated to some extent but remains well above the Fed's target rate of 2%. Thus, the Fed has signalled that it may have to maintain its hawkish policies for longer, and we expect some level of continued macroeconomic uncertainty and market volatility.

We have seen broad economic strength, but market leadership has been exceedingly narrow, with just a handful of mega-cap, technology-focused companies dominating index returns. This has resulted in market concentration rising to historic levels. While this handful of stocks, fuelled recently by optimism around advancements in generative AI, have substantially outperformed, much of the rest of the market has been generally flat. As part of our investment process, we seek to identify innovators and invest behind long-term themes related to innovation. We have consistently had broad exposure to companies that are helping build and define modern day compute architecture. Over the last decade and beyond, these companies have gone from strength to strength with their relentless focus on innovation. We believe that the generative AI theme is the latest example. We continue to assess the potential for this theme to impact growth in the companies in which we invest, while simultaneously trimming positions where the excitement may exceed reality in the near term.

Despite the narrowness in the market, we have broadened our portfolio positioning and are comfortable with the diversification in our holdings across industries and growth rates. We think it is particularly important in an inflationary and/or slowing economic environment to remain focused on companies with strong business models in healthy, growing end markets that have the ability to thrive regardless of the economic backdrop.

Source: Janus Henderson Investors, as at 30 June 2023

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Fund information (Investment policy is on the next page)

Index	Russell 1000 Growth
Morningstar sector	Europe OE U.S. Large-Cap Growth Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the Russell 1000 Growth Index by at least 2.5% per annum, before the deduction of charges, over any 5 year period.

Performance in (USD)

Performance %	A2 (Net)	Index	Sector	A2 (Gross)	Target (Gross)
1 month	6.1	6.8	6.3	-	-
YTD	25.4	29.0	23.0	-	-
1 year	25.4	27.1	22.3	-	-
3 years (annualised)	7.7	13.7	9.1	-	-
5 years (annualised)	11.1	15.1	10.6	13.5	18.0
10 years (annualised)	12.6	15.7	12.1	15.1	18.6

Source: at 30 Jun 2023. © 2023 Morningstar. All rights reserved, performance is with gross income reinvested. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Calendar year returns %	A2 (Net)	Index	Sector
2023 to 30 Jun 2023	25.4	29.0	23.0
2022	-34.3	-29.1	-30.6
2021	21.3	27.6	20.9
2020	37.3	38.5	34.0
2019	34.4	36.4	32.3
2018	-0.3	-1.5	-3.8
2017	28.0	30.2	27.2
2016	-2.5	7.1	2.8
2015	5.6	5.7	2.9
2014	9.6	13.0	10.2
2013	36.2	33.5	33.4

Source: at 30 Jun 2023. © 2023 Morningstar. All rights reserved, performance is with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund.

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.

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 <http://www.janushenderson.com>.

Source for target returns (where applicable) – Janus Henderson. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. With effect from 1 January 2023, the Key Investor Information document (KIID) changed to the Key Information Document (KID), except in the UK where investors should continue to refer to the KIID. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records/scenarios are detailed within the fund's specific KIID/KID, fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID which must be reviewed before investing. Please consult your local sales representative if you have any further queries.

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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.

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What are the risks specific to this fund?

- 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 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.

General risks

- 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.
- Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change.

Investment policy

The Fund invests at least 80% of its assets in a concentrated portfolio of shares (also known as equities) of companies, in any industry, in the United States. The Fund is focused towards larger US companies.

The Fund may also invest in other assets including companies outside the United States, cash and money market instruments.

The investment manager may use derivatives (complex financial instruments) to reduce risk, to manage the Fund more efficiently, or to generate additional capital or income for the Fund.

The Fund is actively managed with reference to the Russell 1000 Growth Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target. The investment manager has a high degree of freedom to exercise conviction, which may result in a high degree of bias within the portfolio. The Fund may hold companies which are not within the index.

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For further information on the Janus Henderson fund range please contact your local sales office or visit our website:
www.janushenderson.com.

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