

Janus Henderson Balanced Fund

December 2019

For promotional purposes
For professional investors only

Fund manager names: Marc Pinto, CFA, Jeremiah Buckley, CFA, Mayur Saigal, Michael Keough

Investment Environment

Stocks performed well during the month as uncertainties that persisted throughout the year saw steps toward resolution. Investors gained confidence as the US and China came to a partial truce in the ongoing trade war. Markets also reacted positively to the signing of the United States-Mexico-Canada Agreement (USMCA) on trade, as well as the fading popularity of some 2020 US presidential candidates seen as less market-friendly. Sentiment was further buoyed by continued resilience in the US economy and accommodative monetary policy, including another interest rate cut by the Federal Reserve (Fed).

Portfolio Attribution

The US bond market was down modestly in December. The US Treasury yield curve steepened, and rising rates hindered total returns. The yield on the 10-year note closed December at 1.92%, up from 1.78% in November. However, corporate credit spreads tightened, offsetting some of the impact from Treasuries. High yield rallied strongly and outperformed investment grade bonds.

The fund (I US dollar accumulation share class) returned 1.7% while the Balanced Index, a blended benchmark of the S&P 500 Index (55%) and the Bloomberg Barclays US Aggregate Bond Index (45%), returned 1.6%. The fund underperformed the S&P 500 Index, which returned 3.0%, and outperformed the Bloomberg Barclays US Aggregate Bond Index, which returned -0.1%.

The fund's equity holdings underperformed the S&P 500 Index. Stock selection in the industrials and financials sectors detracted from relative performance. On a single-name basis, a position in Boeing led absolute detractors. The Federal Aviation Administration's diligence in reinstating the 737 MAX aircraft, which is still underway, resulted in concerns over potential negative cash flow. We continue to hold the position as robust air traffic is supportive of a growing fleet and orders for the 737 MAX remain intact. Benefiting relative results was stock selection in health care and information technology. Apple was the top contributor as the stock rallied on optimism around the rollout of 5G and the company's 2020 product line-up.

The fund's fixed income holdings outperformed the Bloomberg Barclays US Aggregate Bond Index. Our asset allocation decisions contributed to relative performance, with our investment grade bond overweight and our out-of-index exposure to high yield proving beneficial. Our underweight position to Treasuries also aided results.

At the issuer level, a position in Broadcom proved particularly accretive. Management shifted their financial policy considerably, providing a strong commitment to investment grade ratings, which was well received by the market and led to spread tightening. The policy was demonstrated by issuance of preferred equity instead of debt to help fund a recent acquisition. No asset class, corporate sector or individual corporate issuer materially detracted from relative results.

Market Outlook & Investment Approach

US equity markets have remained resilient despite the backdrop of fading global economic growth, seesawing trade tensions and uncertainties surrounding the 2020 US presidential election. Solid corporate results and the return of money to shareholders continue to buoy the market, and the consumer remains on relatively strong footing, with increasing wage growth and a healthy labour market supporting consumer confidence and spending. In our view, the outlook for accommodative interest rates and slower but constructive earnings growth, coupled with consumer strength, make many equity valuations defensible, with potential for upside. Further, with suppressed Treasury yields and corporate yields over Treasuries near their tightest levels of this credit cycle, we intend to maintain our equity overweight position.

Still, the macroeconomic situation points to short-term bumps along the road in 2020 and we fully expect US-China trade tensions and the presidential election to generate volatility, with the market responding positively or negatively depending on the tenor of the latest news. While there appears to have been progress made on the trade front, until there is a definitive resolution, the negotiations will overhang markets and threaten to disrupt supply chains. We remain mindful of our exposure to those companies in the cross fire.

Janus Henderson Balanced Fund

Within equities, we prefer to focus on powerful secular themes that we believe will remain in place for an extended period of time, including the shift to cloud services and greater adoption of Software as a Service (SaaS) solutions, a worldwide increase in the use of e-payments, and the growth of global travel and leisure activity. We continue to invest in companies that stand to benefit from these trends, and those that exhibit quality earnings growth and generate excess free cash flow to reinvest in their businesses and return value to shareholders. We believe these firms can perform well through a variety of market cycles and economic conditions.

Within fixed income, we remain positive but our outlook for returns is subdued in comparison to 2019. Corporate credit, in aggregate, should find support from a stabilising US economy. However, given the relative tightness in corporate bond spreads, we are biased toward higher-quality, cash-flow generative business models and issuers that are focused on balance sheet improvement. We expect consumer strength to remain a bright spot, and as we seek to diversify the portfolio's credit risk, we believe asset and mortgage-backed securities will offer attractive opportunities in 2020. Across fixed income sectors, we remain committed to astute security selection as we strive to deliver on our core tenets of capital preservation and strong risk-adjusted returns.

Source: Janus Henderson Investors, as at 31 December 2019

Janus Henderson Balanced Fund

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

www.janushenderson.com.

Benelux

Janus Henderson Investors
Tel: +31 20 675 0146
Fax: +31 20 675 7197
Email: info.nederlands@janushenderson.com

France/Monaco/Geneva

Janus Henderson Investors
Tel: +33 1 53 05 41 30
Fax: +33 1 44 51 94 22
Email: info.europe.francophone@janushenderson.com

Germany/Austria

Janus Henderson Investors
Tel: +49 69 86 003 0
Fax: +49 69 86 003 355
Email: info.germany@janushenderson.com

Dubai

Janus Henderson Investors
Tel: +9714 401 9565
Fax: +9714 401 9564
Email: JanusHenderson-MEACA@janushenderson.com

Hong Kong

Janus Henderson Investors
Tel: +852 2905 5188
Fax: +852 2905 5138
Email: marketing.asia@janushenderson.com

Italy

Janus Henderson Investors
Tel: +39 02 72 14 731
Fax: +39 02 72 14 7350
Email: info.italy@janushenderson.com

Latin America

Janus Henderson Investors
Tel: +44 20 7818 6458
Fax: +44 20 7818 7458
Email: sales.support@janushenderson.com

Nordics

Janus Henderson Investors
United Kingdom
Tel: +44 20 7818 4397
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Singapore

Janus Henderson Investors
Tel: +65 6836 3900
Fax: +65 6221 0039
Email: marketing.asia@janushenderson.com

Spain/Portugal/Andorra

Janus Henderson Investors
Tel: +34 91 562 6172
Fax: +34 91 564 6225
Email: info.iberia@janushenderson.com

Switzerland (Germanic)

Janus Henderson Investors
Tel: +41 43 888 6262
Fax: +41 43 888 6263
Email: info.switzerland@janushenderson.com

United Kingdom

Janus Henderson Investors
Tel: +44 20 7818 1818
Fax: +44 20 7818 1819
Email: sales.support@janushenderson.com

Important Information

Note to all readers: For institutional/sophisticated investors/accredited investors qualified distributors use only. Not for onward distribution.

All content in this document is for information or general use only and is not specific to any individual client requirements.

Janus Henderson Capital Funds Plc is a UCITS established under Irish law, with segregated liability between funds. Investors are warned that they should only make their investments based on the most recent Prospectus which contains information about fees, expenses and risks, which is available from all distributors and paying agents, it should be read carefully. An investment in the fund may not be suitable for all investors and is not available to all investors in all jurisdictions; it is not available to US persons. Past performance is not indicative of future results. The rate of return may vary and the principal value of an investment will fluctuate due to market and foreign exchange movements. Shares, if redeemed, may be worth more or less than their original cost. This is not a solicitation for the sale of shares and nothing herein is intended to amount to investment advice.

This document does not constitute investment advice or an offer to sell, buy or a recommendation, nor should it be taken as a basis to take (or stop taking) any decision, for securities, other than pursuant to an agreement in compliance with applicable laws, rules and regulations. Janus Henderson Group plc and its subsidiaries are not responsible for any unlawful distribution of this document to any third parties, in whole or in part, or for information reconstructed from this document and do not guarantee that the information supplied is accurate, complete, or timely, or make any warranties with regards to the results obtained from its use. As with all investments, there are inherent risks that each individual should address.

The distribution of this document or the information contained in it may be restricted by law and may not be used in any jurisdiction or any circumstances in which its use would be unlawful.

This presentation is strictly private and confidential and may not be reproduced or used for any purpose other than evaluation of a potential investment in Janus Capital International Limited's products or the procurement of its services by the recipient of this presentation or provided to any person or entity other than the recipient of this presentation. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

Janus Henderson Investors is the name under which investment products and services are provided by Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no.2606646), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier).

Note to Europe Readers: Issued in Europe by Janus Capital International Limited ("JCIL").

The extract prospectus (edition for Switzerland), the articles of incorporation, the extract annual and semi-annual report, in German, can be obtained free of charge from the representative in Switzerland: First Independent Fund Services Ltd ("FIFS"), Klausstrasse 33, CH-8008 Zurich, Switzerland, tel: +41 44 206 16 40, fax: +41 44 206 16 41, web: <http://www.fifs.ch>. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com. For Qualified investors, institutional, wholesale client use only.

Austrian investors may obtain the current prospectus and simplified prospectus free of charge at Bank Austria Creditanstalt AG, AM Hof 2, 1010 Wien, Austria. This document is not for public distribution in Belgium. German investors may obtain the current prospectus and simplified prospectus free of charge at State Street Bank GmbH, Brienner Str. 59, D-80333, Munich, Germany. The Fund has been registered under the Act of the supervision of investment institutions in the Netherlands. Dutch investors may obtain the current prospectus, simplified prospectus, annual report, semi annual report and Memorandum & Articles of Association from Citi Funds Services (Ireland) Ltd (in their capacity as administrator). Janus Henderson Capital Funds Plc is an Irish collective investment scheme (IIC) registered in the National Securities Market Commission's (CNMV) registry with registration number 265. Its custodian is Brown Brothers Harriman Trustee Services (Ireland) Limited and its Investment Advisor is Janus Capital International Limited, authorised and regulated by the Financial Conduct Authority. Investors are warned that they should make their investments based on the IIC's latest documentation. You may consult with and request from the distributor (Allfunds Bank, S.A.) and subdistributors in Spain as well as from the registries of the CNMV a copy of the marketing memorandum, the prospectus and the latest published economic reports.

Janus Henderson Balanced Fund

This document is intended to be distributed in Italy only to persons qualifying as professional investors, pursuant to article 31, paragraph 2, of CONSOB Regulation 11522/1998. Any further dissemination of this document to other persons who do not qualify as professional investors is not permitted nor is authorised by Janus Henderson Investors.

PROVIDED IN BAHRAIN, BOTSWANA, ABU DHABI, DUBAI, JORDAN, KAZAKHSTAN, KUWAIT, UAE, OMAN, SAUDI ARABIA, SOUTH AFRICA UPON CLIENT REQUEST FOR RESEARCH PURPOSES ONLY.

The shares are not governed by the laws or regulations of the securities market of Chile.

Note to Middle East and Africa Readers: JCIL is regulated by the Dubai Financial Services Authority as a Representative Office. JCIL is authorised and regulated by the U.K. Financial Conduct Authority. The Janus Henderson Capital Funds will be offered and provided by JCIL on a cross-border basis from the United Kingdom only; and Janus Henderson Capital Funds plc. is registered under the legislation of Ireland and will not be and are not intended to be registered or publically offered in or from the territory of Bahrain, Botswana, Abu Dhabi, Dubai, UAE, Jordan, the Republic of Kazakhstan, Kuwait (in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended)), the United Arab Emirates (including the Dubai International Financial Centre) or the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). No transactions will be concluded in the Middle East or Africa and any enquiries should be made to JCIL.

This document and the Fund that it relates to, has not been approved by or filed with the Central Bank of Bahrain, Regulatory Authority of Botswana, Qatar Central Bank, Saudi Arabian Capital Market Authority, UAE Central Bank, the UAE Securities and Commodities Authority or Dubai Financial Services Authority. Jordanian Securities Commission or the Board for Regulating Transactions in Foreign Exchanges, the Financial Superintendence of Colombia or any other relevant licensing authorities or governmental agencies in the Middle East, Colombia, Peru or Africa.

JCIL is not authorised in South Africa for marketing.

Note to UAE Readers: The Units are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such Units, and (b) upon their specific request by an entity whose main object or purpose, or one of its objects, is to invest in securities and its investment in the Units would be for its own account and not for the account of its clients or (c) an investment manager with authority to make and execute investment decisions.

Note to Saudi Arabia: The interests may only be offered and sold in the Kingdom of Saudi Arabia in accordance with Article 4 of the Investment Funds Regulations issued on December 24, 2006 (the "Regulations"). Article 4(b)[(1)/(4)] of the Regulations states that, if investment fund units are offered to [no more than 200 offerees in the Kingdom of Saudi Arabia/certain persons specified in the Regulations]* and the minimum amount payable per offeree is not less than Saudi Riyals 1 million or an equivalent amount in another currency, such offer of investment fund units shall be deemed a private placement for purposes of the Regulations. Investors are informed that Article 4(g) of the Regulations places restrictions on secondary market activity with respect to such investment fund units.

Janus Capital Management LLC serves as investment adviser. [Janus Henderson, Janus, Henderson, Perkins, Intech, Alphagen, VelocityShares, Knowledge, Shared and Knowledge Labs] are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc. For more information or to locate your country's Janus Henderson Investors representative contact information, please visit www.janushenderson.com.