2019
U.S. Equity

FUND COMMENTARY

Enterprise Fund

Market Environment

- Mid-cap stocks ended the year with strong gains despite periods of volatility sparked by uncertainty over the global economic outlook and trade policy.
- The U.S. economy was resilient as healthy consumer spending helped offset some slowing in the manufacturing sector.
- The Federal Reserve acknowledged global economic risks with three interest rate cuts.
- Information technology was the strongest-performing sector of the Russell Midcap® Growth Index. Energy was the weakest-performing sector.

Performance Summary

The Fund delivered a positive return and outperformed its benchmark, the Russell Midcap Growth Index, for the 12 months ending December 31, 2019. Stock selection in the industrials sector was one of the largest contributors to relative outperformance. We tend to own fewer economically sensitive industrial companies than the index, and that positioning helped against a backdrop of global economic uncertainty. Stock selection in the consumer discretionary sector detracted from relative performance, as company-specific issues impacted stock performance for a number of our holdings.

For detailed performance information, please visit janushenderson.com/performance.

Portfolio Discussion

Industrial services company CoStar Group was a top contributor and an example of a less-economically dependent stock we hold. We like the recurring revenue streams associated with its subscription-based commercial real estate database, and we see positive potential around its business in the apartment rental market.

We continue to look for innovation in the information technology sector, including in the global payments market, and we benefited from an investment in Global Payments. The company's merger with Total System Services underscored the value of payments networks, and it also created enthusiasm for these companies to produce considerable cost synergies.

Within information technology, we were underexposed to some of the highly valued consumer Internet and Software as a Service (SaaS) companies that often led benchmark performance. While we own a few of these companies – and like the business models of others – we are concerned about excessive valuations for many of these businesses. This underexposure dampened our relative performance, but we remain sensitive to valuation risk and are comfortable with our portfolio positioning.

While we also continue to seek innovative companies in the health care sector, several individual health care stocks were notable detractors. Biotechnology company Sage Therapeutics, a stock we added during the year, has been testing one of its drugs as a treatment for major depressive disorder. While the drug performed well in early-stage clinical trials, phase 3 trial results released in December called into question the drug's

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approval potential and sent the stock lower. We believe the company has the potential to run additional trials on this drug, which may provide more positive results, and we maintained our positon. ICU Medical, another detractor, supplies IV delivery solutions. The stock declined in the third quarter after overcapacity in the IV solution market led the company to cut back production. Despite this setback, we believe pricing in the IV solution market will eventually stabilize, and we continue to like the high margins and strong competitive positioning of the company's IV pump and consumables businesses.

Our cash position was also a drag on relative results. Strong stock price appreciation in early 2019 left valuations elevated for many of the secular growth companies and steadier, durable growth companies we typically favor. Against this backdrop, we have been patient in investing cash only when we find attractive risk-adjusted returns, and we are still keeping some cash on hand.

Top Contributors	Ending Weight (%)	Contribution (%)
Global Payments Inc	2.21	1.48
Lam Research Corp	1.69	1.27
CoStar Group Inc	1.02	1.22
KLA Corp	1.53	1.08
Constellation Software Inc/Canada	2.11	1.07

Top Detractors	Ending Weight (%)	Contribution (%)
Sage Therapeutics Inc	0.14	-0.20
ICU Medical Inc	0.60	-0.19
National Instruments Corp	1.09	-0.07
Alkermes PLC	0.00	-0.05
GoDaddy Inc	1.61	-0.04

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.

Manager Outlook

While 2019 was a strong year for market performance, we would caution that such returns are not the norm and, as we look ahead to 2020, we remain cognizant of risks posed by global economic uncertainty, ongoing trade negotiations and the resulting reconfiguration of global supplier relationships. As we enter an election cycle, we also acknowledge that populist rhetoric from both sides of the political spectrum may create uncertainty for certain economic sectors, such as health care.

Additionally, we continue to see excessive valuations in certain high-growth stocks and sectors of the market. Our valuation discipline had led us to reduce holdings and move to underweights in such sectors, even in cases where we like the management teams and business models. We are not, on the other hand, turning our attention to value stocks, where technological change is increasingly disrupting established profit pools. We continue to pursue a middle way as we seek growth companies with sustainable competitive advantages, strong earnings growth potential and experienced, forward-looking management teams. And while we will not sacrifice these criteria in pursuit of attractive valuations, we also will not pay an excessive price for growth. In our current view, this middle way represents the most prudent strategy for providing our investors with positive long-term performance.

Portfolio Management

Brian Demain, CFA

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For more information, please visit **janushenderson.com.**

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Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, please call Janus Henderson at 800.668.0434 or download the file from janushenderson.com/info. Read it carefully before you invest or send money.

Past performance is no guarantee of future results. Call 800.668.0434 or visit janushenderson.com/performance for current month-end performance.

Discussion is based on the performance of Class I Shares.

Closed to certain new investors.

As of 12/31/19 the top ten portfolio holdings of Janus Henderson Enterprise Fund are: Microchip Technology Inc (2.35%), Global Payments Inc (2.21%), Aon PLC (2.16%), Constellation Software Inc/Canada (2.10%), Nice Ltd (ADR) (2.09%), SS&C Technologies Holdings Inc (2.07%), Boston Scientific Corp (2.04%), TE Connectivity Ltd (1.92%), Cooper Cos Inc (1.92%) and PerkinElmer Inc (1.87%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 12/31/19 and are subject to change without notice. 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.

Security contribution to performance is measured by using an algorithm that multiplies the daily performance of each security with the previous day's ending weight in the portfolio and is gross of advisory fees. Fixed income securities and certain equity securities, such as private placements and some share classes of equity securities, are excluded.

Investing involves market risk and it is possible to lose money by investing. Investment return and value will fluctuate in response to issuer, political, market and economic developments, which can affect a single issuer, issuers within an industry, economic sector or geographic region, or the market as a whole.

Smaller capitalization securities may be less stable and more susceptible to adverse developments, and may be more volatile and less liquid than larger capitalization securities.

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

Derivatives can be highly volatile and more sensitive to changes in economic or market conditions than other investments. This could result in losses that exceed the original investment and may be magnified by leverage.

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 performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

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