1Q21
U.S. Equity

FUND COMMENTARY

Forty Fund

Market Environment

- The Russell 1000® Growth Index posted a positive return for the quarter, though it trailed the broader S&P 500® Index. Smaller-capitalization and value stocks led the market, reversing the trend of significant large-cap and growth leadership since the beginning of the pandemic.
- Steady vaccination rollout has led to a marked drop in COVID-related deaths and hospitalizations, driving optimism for a full reopening of the economy that can fuel a broader-based economic recovery.
- Congress passed another sizable round of fiscal stimulus in the form of the $1.9 trillion American Rescue Plan Act, further strengthening consumer balance sheets that have also benefited from strong stock and housing markets.
- However, there were significant bouts of market volatility during the quarter from an uptick in interest rates and inflation expectations as well as deleveraging events and increased retail investor participation.

Performance Summary

The Fund outperformed its primary benchmark, the Russell 1000 Growth Index, and underperformed its secondary benchmark, the S&P 500 Index, for the quarter ended March 31, 2021. Stock selection in the information technology sector contributed to outperformance relative to the primary benchmark during the period while stock selection in the communication services sector detracted from relative performance.

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

Portfolio Discussion

Semiconductor equipment manufacturer ASML Holding was one of the top relative contributors for the quarter. As long-term secular demand continues to increase in the semiconductor market, leading chipmakers have recently announced massive capital investment plans. ASML stands to benefit as the primary provider of extreme ultraviolet (EUV) lithography equipment that is essential in the pursuit of leading-edge semiconductor technology. Long term, we believe ASML is positioned to benefit from its strong competitive position and a rapidly expanding market for semiconductors.

Another top contributor for the quarter was private equity firm Blackstone Group. The company's portfolio, including its real estate holdings, generally benefited from a widening of the economic recovery during the period. Blackstone also reorganized its share classes in a way that will likely make it eligible for inclusion in S&P and FTSE Russell indices. Any addition to an index could lead to increased purchases in Blackstone's shares for assets linked to that index, such as passive index funds. We believe that Blackstone is favorably positioned to capture capital migrating to private equities and expect this trend to continue in the long term.

CoStar Group, a provider of commercial real estate information, analytics and online marketplaces, was a top relative detractor. During the quarter, the company withdrew

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its bid to acquire CoreLogic, a residential property technology company, citing the projected impact of rising interest rates on the mortgage refinancing market. After being a resilient and somewhat countercyclical performer amid the pandemic, CoStar's valuation compressed as interest rates increased during the period.

T-Mobile was also among the top detractors from benchmark-relative performance. While the company recently reported full-year 2020 results that beat estimates, the market began to favor more cyclical, value-oriented stocks during the quarter, and T-Mobile's shares sold off. Longer term, we believe that its market-leading spectrum position may propel it to the front of the pack in terms of 5G network capabilities.

Top Contributors	Average Weight (%)	Relative Contribution (%)
ASML Holding NV	2.55	0.59
Apple Inc	4.98	0.56
Blackstone Group Inc	2.66	0.39
Texas Instruments Inc	2.80	0.33
Boston Scientific Corp	2.58	0.17

Top Detractors	Average Weight (%)	Relative Contribution (%)
CoStar Group Inc	1.95	-0.22
T-Mobile US Inc	2.21	-0.21
Match Group Inc	1.27	-0.14
Vertex Pharmaceuticals Inc	1.30	-0.11
Uber Technologies Inc	1.44	-0.10

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.

Manager Outlook

Much of the initial market recovery last year was driven by a select group of technology stocks that benefited directly from the COVID environment. Recently, we have seen a leadership change to more cyclical, economically sensitive and smaller-capitalization companies that stand to benefit from a broader economic recovery. Steady vaccination rollout and a subsequent drop in COVID-related hospitalizations have fueled optimism. As a result, growth projections have increased, and we have witnessed a consequent uptick in inflation expectations and Treasury yields. We believe there will be an ongoing tug-of-war between stock valuations and interest rates as markets evaluate the potential breadth and depth of a recovery and an appropriate risk-free rate.

While investors have begun to anticipate a full reopening, the economy currently remains hindered by social restrictions. Additional factors could also make the recovery complex and increase market volatility, including the reorganization of supply chains and the potential for bottlenecks created by the rapid release of pent-up demand. Lagging vaccination rates in countries outside the U.S. could also hinder a synchronized global return to growth. In general, however, the U.S. consumer appears poised to help drive a recovery due to surplus savings and asset growth from a strong stock market recovery and rising home values. In addition to tremendous fiscal stimulus, we also expect monetary policy to remain accommodative, further supporting the overall backdrop for equities.

While we have seen companies with more cyclical characteristics lead the market in anticipation of increased engagement with the physical economy, we continue to believe innovation will be the primary driver of durable growth in the long term. As always, we remain focused on identifying companies that have sustainable business models and deeply rooted competitive advantages with the potential to grow market share over a multiyear period.

Portfolio Management

Doug Rao

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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.

High absolute short-term performance is not typical and may not be achieved in the future. Such results should not be the sole basis for evaluating material facts in making an investment decision.

As of 3/31/21 the top five portfolio holdings of Janus Henderson Forty Fund are: Amazon.com Inc (7.90%), Microsoft Corp (7.90%), Mastercard Inc (6.34%), Facebook Inc (5.60%) and Apple Inc (3.98%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 3/31/21, 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.

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 will differ from actual performance.

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.

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

The fund is classified as "nondiversified", meaning it has the ability to take larger positions in a smaller number of issuers than a "diversified" fund. Nondiversified funds may experience greater price volatility.

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

S&P 500® Index reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.

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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