

Global Research Growth Equity

Market Environment

- Global equity markets ended the second quarter with solid gains, despite concerns about the strength of the economic recovery.
- Progress on vaccine distribution brightened the prospect that the pandemic is nearing an end and that reopenings of various parts of the economy would progress. However, some countries, particularly emerging markets nations, continued to experience delays in vaccine rollouts.
- Rising inflation and the prospect of higher interest rates triggered volatility in markets, where leadership fluctuated between stocks perceived as value oriented and those perceived as growth oriented. Anxiety about the potential for rate hikes eased after the Federal Reserve (Fed) reiterated it is in no rush to tighten monetary policy.

Performance Summary

For the quarter ended June 30, 2021, the Portfolio outperformed its benchmark, the MSCI All Country World Growth IndexSM. The strong performance of select consumer and communications holdings lifted relative results. Conversely, weak stock selection within the health care and financials sectors weighed on results.



For detailed performance information, please contact a Janus Henderson Institutional team representative.

Portfolio Discussion

On an individual stock basis, top relative contributors included software firm Adobe. The stock benefited from quarterly earnings results that surpassed consensus estimates across all areas of the business on both the top and bottom lines. We view the continued strong demand that Adobe has enjoyed in its creative, document and experience cloud business segments as supportive of our thesis that growth is sustainable beyond the pandemic.

The Blackstone Group also contributed. Notable increases in fee-related earnings and solid fundraising helped the investment firm log strong first quarter financial results. Good investment performance among Blackstone's real estate, hedge funds, private equity and other holdings also contributed positively to earnings results. We believe a number of investments are poised to benefit from the rebound in travel.

Strong relative performers also included global wine and spirits company Pernod Ricard, which began to see a recovery in its on-premises restaurant and bar sales as vaccination rates increased and social distancing restrictions declined. We believe Pernod could potentially continue to benefit from a dynamic demand backdrop that includes sustained U.S. spirits momentum and strong competitive positions in China, India and emerging markets broadly.

Conversely, select holdings weighed on the Portfolio's relative results, including Sands China, a resort developer and operator in Macau. The Chinese government tightened travel restrictions into Macau amid new COVID-19 outbreaks, which subsequently hurt

revenues for Sands China and other Macau resorts and casinos. We continue to have confidence in the long-term prospects for Sands China.

Detractors also included Uber Technologies, which reported first quarter earnings that fell short of analysts' expectations. The rideshare company faced several headwinds during the quarter, including driver supply issues resulting from a national labor shortage in the U.S., concerns that the U.S. Department of Labor could reclassify drivers as employees and higher gas

prices. We believe it is possible for Uber to overcome these near-term headwinds and maintained our position in the stock.

Online travel reservations company Booking Holdings also was weak. Despite reporting a narrower-than-expected loss in its first quarter, the stock declined amid weak bookings in Europe where pandemic-related headwinds have persisted. However, in addition to seeing signs of improving travel trends in Europe, travel in the U.S. has significantly increased. We continue to believe pent-up travel demand will bode well for the company as the pandemic winds down and travel restrictions ease.

Top Contributors	Representative Account	
	Average Weight (%)	Relative Contribution (%)
Adobe Systems Inc	2.24	0.19
Blackstone Group Inc	0.73	0.15
Pernod Ricard	1.71	0.13
United Parcel Service	1.11	0.13
Alphabet Inc	5.14	0.12

Top Detractors	Representative Account	
	Average Weight (%)	Relative Contribution (%)
Sands China Ltd	0.93	-0.28
Uber Technologies Inc	1.03	-0.17
Taiwan Semiconductor Manufacturing Co Ltd	3.00	-0.16
Booking Holdings Inc	1.26	-0.16
HDFC Bank Ltd	0.86	-0.15

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 recently available disclosure period contact a Janus Henderson institutional team representative. 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

The economy continued to rebound strongly in the U.S. and gathered steam elsewhere, particularly in Europe. While risks from COVID-19 are receding due to vaccines and the summer viral seasonal lull, the risks of too-hot inflation and a fear that the Fed may need to raise the target federal funds rate sooner than expected have emerged. However, we think the Fed will have time to react to inflation to gradually slow the economy over the next 18 months. We believe inflation will be the key theme to watch in the coming weeks and months.

We remain steadfast in our strategy of investing in companies participating in secular growth trends that are transforming key parts of the economy. These include e-commerce, cloud computing, digital payments and health care innovation. However, our improving outlook for the economy prompted us to shift our exposure within these segments during the second half of 2020 – adjustments that were well-timed and have since contributed to Portfolio performance. For example, within e-commerce, we increased our focus on businesses we believe are poised to benefit from improving mobility trends, such as online travel companies. Within health care, we tilted the Portfolio's exposure toward manufacturers of technologies and products we believe will see increased demand as a result of a resurgence in elective surgeries. Rounding out the Portfolio are holdings participating in the broad-based industrial and manufacturing recovery, including select agriculture and construction machinery stocks as well as industrial technology stocks and semiconductor capital equipment.

Going forward, we feel the Portfolio is positioned well should our base case recovery path continue to play out. In particular, we are confident the Portfolio's mix of secular growth stocks and stocks levered to the economy is appropriate for this stage of the cycle.

Portfolio Management

Central Research Team

For more information, please visit janushenderson.com.

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Past performance is no guarantee of future results.

Discussion is based on performance gross of fees.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

As of 6/30/21 the top ten portfolio holdings of the Representative Account are: Microsoft Corp (7.38%), Apple Inc (5.85%), Amazon.com Inc (5.20%), Alphabet Inc (5.20%), ASML Holding NV (3.09%), Taiwan Semiconductor Manufacturing Co Ltd (ADR) (2.95%), Facebook Inc (2.92%), Adobe Inc (2.36%), Tencent Holdings Ltd (1.99%) and NVIDIA Corp (1.96%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

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.

The opinions are as of 6/30/21, 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 risk, including the possible loss of principal and fluctuation of value.

Global Research Growth Equity Composite, benchmarked to the MSCI All Country World Growth Index, includes portfolios that invest in high conviction investment ideas selected by the Janus Henderson research team, based on rigorous fundamental research. Investments will primarily be in large and mid size companies from around the world. The portfolios generally contain 80 to 120 securities and maintain sector weightings, based upon how Janus Henderson aligns sector research teams, that closely follow the MSCI All Country World Growth Index. Effective January 1, 2009 the composite definition was expanded to also include proprietary mutual funds. The composite was created in April 2005.

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