

Global Select Fund

Market Environment

- Global markets began the quarter on a positive note, lifted by hopes of improving economic growth amid reduced trade tensions. However, as the COVID-19 coronavirus outbreak in China spread to other parts of the world, global economic activity abruptly halted, sending equity markets into a free fall.
- Decreased demand for oil due to the outbreak and Saudi Arabia's decision to bring additional supply into a weak market drove oil prices lower, further pressuring capital markets.
- As financial conditions worsened, central banks around the world took swift policy action. Most notably, the Federal Reserve executed two emergency interest rate cuts and announced multiple actions directed at alleviating stresses in capital markets and the global economy, including purchasing government debt, mortgage-backed securities and investment-grade debt.
- A number of countries took measures to get their economies on track. Key among these was the suspension of debt and deficit requirements by the European Commission. Similarly, China announced plans to lower borrowing costs, ease tax burdens and increase government spending, while Japan is developing a rescue package reportedly worth approximately 10% of the country's gross domestic product.

Performance Summary

For the quarter ended March 31, 2020, the Fund declined and lagged its benchmark, the MSCI All Country World IndexSM. Extreme market dislocations concentrated in financial and consumer discretionary sectors contributed to underperformance. Conversely, areas of relative strength in the portfolio included the communication services and information technology sectors, where positive stock selection buoyed results.



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

Portfolio Discussion

The uncertainty and potential severity of COVID-19's impact on the economy led to extreme and unprecedented market dislocations. Notably, the Cboe Volatility Index (VIX), a key measure of market volatility, exceeded 85%, surpassing all-time recorded highs, including those set during the 2007-08 Global Financial Crisis (GFC). We think volatility was exacerbated by the prevalence of changes to market structures, including a greater utilization of algorithmic trading and leverage. These systematic participants, which include risk-parity strategies, automatically buy or sell based on factors such as momentum, market liquidity and volatility, and generally not on fundamentals. In addition, many of the investment strategies currently in use employ substantial degrees of leverage to amplify returns. Our trading division estimates systematically oriented market participants account for approximately 60% of all equity trading activity, an estimate confirmed by our conversations with external market participants.

As is easily inferred, these strategies are pro-momentum: buying as things rise, selling as they decline. It is not hard to understand how in a period of excessive volatility, a dynamic where selling begets more selling begets more selling arises. When heightened risk controls are then incorporated, which results in pulling leverage – either due to internal risk controls or external margin calls – further forced selling may occur, exacerbating the pro-momentum selling dynamic. This dynamic changes the market’s orientation from being a long-term earnings discounting mechanism to instead having a highly truncated orientation, sometimes seemingly not even as long as a full trading day. This is not to imply the implications from a human and economic perspective of COVID-19 are not significant, but it provides an understanding of why markets acted with unprecedented levels of decline and volatility.

The Fund was not positioned for an extreme bolt-from-the-blue scenario of a near-complete shutdown of global economic activity and its concomitant effect on equity prices. However, these events did not distract us from our investment discipline. We continued to focus on long-term growth opportunities that were mispriced. A silver lining in the current environment is the ability to acquire shares of companies at exceptionally discounted prices relative to their longer-term value proposition. We aggressively assessed our investments to ascertain whether the current dynamic created long-term effects that required updating our investment thinking. We also scoured the investment landscape for attractive investment opportunities in companies with tremendous fundamental characteristics that

were discarded in the market chaos. Rather than hiding during this exceptional period, we endeavored to take advantage of market volatility to position the Fund for attractive long-term performance.

Examples include Citigroup and MGIC Investment Corporation, two key detractors during the quarter. We think these and other financial stocks were sold indiscriminately as a result of assumptions the sector would be as impacted by COVID-19 as they were by the GFC. In our view, the implications on financials of the current downturn are different from those resulting from the GFC. Whereas financial companies – particularly banks and brokerages – were a cause of the GFC, today they are potential solutions. Notably, heading into the current crisis, the financial system held approximately one-third of the leverage that was held leading up to the GFC. As such, financials are a key element in providing necessary liquidity to help keep markets and economies fluid. After additional analysis of Citigroup and MGIC, we continue to believe they are well positioned, as both have substantial amounts of liquidity and capital even in a stressed environment.

A number of holdings delivered solid relative results during the quarter, including communication services companies Tencent Holdings and T-Mobile. As social distancing became a necessary new normal, these two companies saw a surge in demand for their services, which include social networking platforms and Internet connectivity, respectively. Further lifting these stocks was the perception their businesses are more stable and less cyclical relative to other areas of the market.

Top Contributors	Average Weight (%)	Relative Contribution (%)
Tencent Holdings Ltd	3.04	0.50
T-Mobile US Inc	1.68	0.39
Nexon Co Ltd	0.91	0.31
China Construction Bank Corp	2.19	0.31
Alibaba Group Holding Ltd (ADR)	3.19	0.31

Top Detractors	Average Weight (%)	Relative Contribution (%)
Citigroup Inc	4.02	-1.07
MGIC Investment Corp	2.31	-0.94
Canadian Natural Resources Ltd	2.01	-0.91
PulteGroup Inc	2.86	-0.60
Samsonite International SA	1.16	-0.57

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

It is difficult to predict the trajectory of the COVID-19 outbreak with reasonable accuracy, so forecasting resulting economic growth or market performance is problematic. What we know is, historically, markets generally recover from these types of shocks and the rebound often happens quickly. According to data from Empirical Research Partners covering the period from 1926 through mid-March 2020, the probability of large-cap stocks returning to their pre-crisis peak in the 12-month period after a significant three-week drawdown, historically, has been 75%.

We think once the uncertainty causing the market dislocation subsides, fundamental attributes such as free cash flow, solvency and liquidity, competitive advantages and strength of management will differentiate investment performance. As long-term investors, we are mindful of market events but concentrate on maintaining a dispassionate and objective mindset. Doing so enables us to use volatility to position the Fund in securities we think are attractive at current prices to the benefit of long-term performance.

We are rigorously testing our investment models and deploying capital to companies we think are attractive from a long-term perspective and possess the balance sheet strength to outlast what could be a protracted economic downturn. We are focused on identifying opportunities where our analysis suggests the risk/reward points to considerable value given a company's fundamental attributes. COVID-19 is a horrible event with significant human and economic consequences, and we are aware this is in many ways unprecedented and may result in a more persistent washout. But we also know great beachfront property comes back into demand after the storm passes.

Thank you for your continued trust and confidence.

Portfolio Management



George P. Maris, CFA



Julian McManus



Garth C. Yettick, CFA

For more information, please visit janushenderson.com.

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INVESTORS

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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.

As of 3/31/20 the top ten portfolio holdings of are: NRG Energy Inc (4.99%), Microsoft Corp (4.65%), Coca-Cola Co (4.13%), Tencent Holdings Ltd (3.84%), Alibaba Group Holding Ltd (ADR) (3.59%), Citigroup Inc (3.34%), Goldman Sachs Group Inc (3.02%), ASML Holding NV (2.78%), Merck & Co Inc (2.72%) and China Construction Bank Corp (2.71%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 3/31/20 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.

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.

Foreign securities are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in emerging markets.

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

MSCI All Country World IndexSM reflects the equity market performance of global developed and emerging markets.

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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