

Global Sustainable Equity Fund

Market Environment

- Global equity markets marked a strong finish to 2020, with the MSCI World IndexSM delivering a total return of 13.96% in the fourth quarter.
- From a sustainability perspective, the most significant event was the U.S. presidential election victory of Joe Biden over Donald Trump. While Trump's presidency has not damaged the decarbonization trend as much as initially feared, his efforts to undo environmental regulations and undermine global political cooperation haven't facilitated progress.
- Conversely, President-elect Biden has put the climate agenda at the forefront of his policy objectives, vowing to rejoin the 2015 Paris Climate Agreement and announcing a \$2 trillion green-focused investment plan to reduce emissions and build and retrofit infrastructure.

Performance Summary

The Fund outperformed its benchmark, the MSCI World Index, for the quarter ended December 31, 2020. Driven by stock selection, technology, consumer discretionary and utilities contributed to relative performance. An underweight in health care also was beneficial. Selection in financials and real estate and an underweight in energy detracted on a relative basis. Many technology holdings performed well as a result of improving expectations for U.S.-China trade relations under a Biden administration, and several investments with a clean energy or decarbonization focus benefited from positive investor sentiment in anticipation of the Green New Deal.



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

Portfolio Discussion

The largest individual contributors to relative performance were semiconductor equipment manufacturer Lam Research, commercial real estate financing services provider Walker & Dunlop and design software company Autodesk. Lam Research performed strongly in response to growing optimism around the strength and duration of the memory cycle and an expectation that Biden will adopt a softer approach toward U.S.-China relations. Walker & Dunlop, whose business focuses on financing green buildings and affordable housing, saw its share price rise after demonstrating better-than-expected resilience. Autodesk's exposure to pro-cyclical end markets such as construction and manufacturing meant that it performed well in the market rotation.

Enterprise software companies Salesforce.com and SAP SE and health insurer Humana were the biggest individual detractors from relative performance. With defensive growth characteristics, many software companies were on the wrong side of the market rotation into more pro-cyclical areas but there were additional, company-specific factors that caused Salesforce and SAP to decline. The market reacted negatively to the high valuation of Salesforce's intended acquisition of software communications provider Slack. Salesforce's business strategy is shaped by the vision of the "Social Enterprise" and we believe this acquisition could play a key role in

realizing that. SAP reported weaker-than-expected results as its customers have put off more complex enterprise cloud projects, instead prioritizing other digital transformation initiatives more aligned with the shift to remote working. In the case of Humana, U.S. election uncertainty caused the stock to decline.

During the quarter we initiated one new position, a provider of Software as a Service (SaaS), cloud-based payments products.

We exited positions in a large mass media and entertainment conglomerate and an Ireland-based building materials company. Environmental, social and governance (ESG) concerns were an important contributing factor for both sales. We trimmed our holding in an electric vehicle and clean energy company as the stock continued to reach new highs.

| Top Contributors | Average Weight (%) | Relative Contribution (%) |
|-----------------------------|--------------------|---------------------------|
| Lam Research Corp | 3.49 | 0.89 |
| Walker & Dunlop Inc | 1.62 | 0.75 |
| Autodesk Inc | 3.08 | 0.51 |
| Murata Manufacturing Co Ltd | 2.05 | 0.47 |
| Zendesk Inc | 2.08 | 0.47 |

| Top Detractors | Average Weight (%) | Relative Contribution (%) |
|--------------------|--------------------|---------------------------|
| Salesforce.com Inc | 2.75 | -0.63 |
| SAP SE | 1.80 | -0.59 |
| Humana Inc | 2.57 | -0.39 |
| Equinix Inc | 1.88 | -0.38 |
| Adobe Inc | 3.39 | -0.38 |

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

If we had to choose one word to summarize everything it would have to be digitization. Digitization plays a positive role in economic development and social empowerment, and we also see a close alignment between it and decarbonization. This impacts all industries; it blurs the lines between sector classifications. Many people call this The Fourth Industrial Revolution.

In the near term we are conscious that valuations are high in some parts of the market. With extremely accommodative monetary policy and central banks committed to supporting higher growth, the conditions do exist for further equity market upside. However, we are becoming more sensitive to near-term valuations. We therefore are focused on maintaining discipline in our portfolio construction.

As we look to the upcoming several years, we are optimistic. We see some very persistent investment trends that are closely aligned with our investment framework. Now that the U.S., the EU and China have committed to decarbonization and green investment, we are hopeful for a globally synchronized clean energy and technology investment boom.

Portfolio Management



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For more information, please visit janushenderson.com.

Janus Henderson
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 12/31/20 the top ten portfolio holdings of Janus Henderson Global Sustainable Equity Fund are: Microsoft Corp (4.80%), Lam Research Corp (3.27%), Autodesk Inc (3.25%), Adobe Inc (3.18%), Taiwan Semiconductor Manufacturing Co Ltd (2.82%), Nintendo Co Ltd (2.55%), Humana Inc (2.30%), AIA Group Ltd (2.29%), Boralex Inc (2.29%) and Salesforce.com Inc (2.27%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 12/31/20, 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.

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.

Environmental, Social and Governance (ESG) or sustainable investing considers factors beyond traditional financial analysis. This may limit available investments and cause performance and exposures to differ from, and potentially be more concentrated in certain areas than, the broader market.

MSCI World IndexSM reflects the equity market performance of global developed 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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