2Q20 Global & International Equity

FUND COMMENTARY

Global Technology and Innovation Fund

Market Environment

- The global technology sector generated strong returns, outpacing broader equities markets.
- While aggressive monetary and fiscal action were welcomed, some tech stocks also benefited from the acceleration of secular themes associated with their products and services.
- All subsectors within the Fund's benchmark generated positive returns, with software names among important contributors.

Performance Summary

The Fund outperformed its primary benchmark, the S&P 500® Index, and its secondary benchmark, the MSCI All Country World Information Technology Index℠, for the quarter ended June 30, 2020. The Fund seeks to invest in companies in which technology is integral to their business models regardless of sector. This construction drove performance relative to our secondary benchmark. Over the longer term, we believe that harnessing an investment universe complementary to that of the technology benchmark should lead to superior risk-adjusted returns.

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

Portfolio Discussion

Many of the secular themes that we believe will drive tech earnings growth in coming years accelerated as businesses and households altered behaviors to navigate a COVID-19 world. We expect many of these behaviors to remain once the worst of the pandemic subsides. While the circumstances surrounding this acceleration were unfortunate, the Fund was well positioned to benefit from the lurch forward in the digitization of the global economy.

Perhaps no other company registered an increase in demand for its products more than Amazon, one of the quarter's top contributors. E-commerce went mainstream as households sheltered in place and slow adopters of online shopping became reliant on the convenience of digital purchases. Similarly, the company's cloud business, AWS, proved to be a valuable tool for companies seeking to increase both their front-office and back-office capabilities as customers and employees adapted to working remotely.

The increased usage of e-commerce also aided Brazil's MercadoLibre. The company registered a marked increase in transactions on its digital payments platform as well. MercadoLibre has achieved a dominant position in payments in the region. This payments platform and e-commerce activity are primed to grow in coming years as the penetration of these services in Latin America rises toward the levels registered in the U.S. and China.

Another recent driver of tech gains has been a surge in industry heavyweight Apple. Given the large share of the secondary, technology-specific index it commands, we

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maintain an underweight in the stock. This can detract from Fund results when the stock outperforms, as was the case this quarter. We have increased our exposure to Apple given our favorable view of the company's transition to a model geared more on services and wearables. Near term, we expect Apple to benefit from the rollout of 5G and an elongated replacement cycle given pandemic-related delays. Furthermore, we see management effectively repositioning the company as a luxury brand with an ecosystem increasingly levered toward essential functions like payments and health.

Another detractor was Alibaba. The Chinese e-commerce provider has recently been unable to keep up with peers in an aggressive market. The company is undergoing a significant investment cycle, but so far, few of its potential new endeavors have convinced shareholders that these investments will result in lucrative new products or markets. The company has also lost share to upstart e-commerce companies and has little to no presence in gaming or food delivery. We are also concerned that Alibaba may continually be called upon to conduct national service in the wake of the pandemic. History tells us that such requests diminish the economic benefits to shareholders. We are eager to see how management addresses these issues and positions itself for its next growth phase. On a positive note, Alibaba could be one of the key beneficiaries of a move to Hong Kong listing whereby Chinese investors will have the ability to directly invest in it.

Top Contributors	Average Weight (%)	Relative Contribution (%)
Amazon.com Inc	5.00	0.64
MercadoLibre Inc	0.87	0.50
Wix.com Ltd	0.66	0.48
Microchip Technology	2.16	0.44
Etsy Inc	0.39	0.37

Top Detractors	Average Weight (%)	Relative Contribution (%)
Apple Inc	7.28	-1.04
Alibaba Group Holding Ltd	3.27	-0.70
Paypal Holdings Inc	0.47	-0.54
Equinix Inc	1.86	-0.33
BioNTech Ag	0.06	-0.28

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

The technology sector finds itself in a unique position as the global economy continues to navigate – and hopefully emerge from – the COVID-19 pandemic. The quarter's broad equities rally indicates that investors believe economic growth is close to finding sound footing. Should that be the case, we'd expect more economically sensitive segments of tech to perform well.

Among these are semiconductors, digital advertising and payments. The latter category is of note, as we'd expect it to behave more like software than semis. But while we believe digital payments are a durable, secular theme, these businesses weren't constructed to withstand a shutdown of the global economy. While this has resulted in payment stocks lagging, we believe these business models are well positioned to participate in an increasingly digital economy.

Should an economic recovery remain elusive, however, we'd expect other secular growth themes to remain favored investment destinations. Among these are e-commerce, the cloud, the Internet of Things and artificial intelligence.

We remain mindful of valuations in certain tech segments. While we believe that the market still underestimates the duration of some of our favored growth themes, we recognize market forces can push valuations beyond what's justified by underlying fundamentals. Conversely, although we believe deep discounts in tech valuations often mean value traps, we continue to seek attractive business models potentially overlooked by the market.

Portfolio Management

Denny Fish

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.

As of 6/30/20 the top ten portfolio holdings of Janus Henderson Global Technology and Innovation F are: Microsoft Corp (8.00%), Apple Inc (7.81%), Amazon.com Inc (4.83%), Adobe Inc (4.43%), Asml Holding Nv (4.05%), Mastercard Inc (3.87%), salesforce.com Inc (3.30%), Texas Instrs Inc (3.20%), Alibaba Group Holding Ltd (2.78%) and Facebook Inc (2.78%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 6/30/20 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.

Concentrated investments in a single sector, industry or region will be more susceptible to factors affecting that group and may be more volatile than less concentrated investments or the market as a whole.

Initial Public Offerings (IPOs) are highly speculative investments and may be subject to lower liquidity and greater volatility. Special risks associated with IPOs include limited operating history, unseasoned trading, high turnover and non-repeatable performance.

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

MSCI All Country World Information Technology Index℠ reflects the performance of information technology stocks from 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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