1Q21
U.S. Equity

FUND COMMENTARY

Growth and Income Fund

Market Environment

- The S&P 500® Index generated a positive return during the quarter, although performance varied considerably by sector.
- Market participants continued the fourth quarter trend of rotating away from high-growth sectors that performed well in recent years, instead preferring more cyclical sectors that stand to benefit from the improving economy.
- Faster-than-expected vaccine delivery heightened expectations around the pace of the economic recovery and, that, coupled with the Biden administration's $1.9 trillion stimulus plan, drove interest rates higher at a dramatic clip.
- Energy and industrials generated double-digit returns, as did financials, which are expected to benefit from higher rates and a steeper yield curve. Consumer staples and information technology stocks lagged but still saw modestly positive returns.

Performance Summary

The Fund outperformed its benchmark, the S&P 500 Index, for the quarter ended March 31, 2021. Robust stock selection was the primary driver of relative outperformance during the period.

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

Portfolio Discussion

The Fund remains positioned to capitalize on the accelerated transition to a digital economy. While we increased exposure to this theme on the margin, we did not make any major positioning changes during the quarter.

Security selection drove the quarter's outperformance, particularly in the information technology sector. On a single-name basis, semiconductor equipment company KLA-Tencor was a top contributor. Demand for capital equipment remains strong as the application of semiconductors across industries continues to increase.

A position in John Deere was also among the largest individual contributors. The company's precision agricultural solutions benefited from strong global demand for corn and soybeans, leading to better-than-expected earnings and profitability. JPMorgan Chase also aided relative results. The recovery in capital markets has benefited its wealth management and asset management divisions and the steepened yield curve should create more favorable net interest margins for its banking division.

Gains were partially offset by the Fund's zero weight to the energy sector, which detracted as oil prices continued to recover and the sector led the index higher. While oil prices are likely to continue recovering along with the economy, disappointing returns on invested capital generally have led us to avoid the industry. We also expect widespread focus on reducing carbon usage to challenge the sector.

Several of the largest individual detractors, including Apple and Merck, sold off largely due to their sectors not keeping up with the cyclical rally rather than for any company-specific fundamental issues. Merck, however, also faced concern over renewed

Janus Henderson INVESTORS

political discussions calling for increased drug price regulation. Apparel and footwear company VF Corp., owner of The North Face brand, was also among the largest individual detractors. The reclosing of retail stores in Europe (due to a resurgence in COVID-19 cases) and geopolitical tension between the U.S. and China weighed on the company's earnings projections during the period.

Top Contributors	Average Weight (%)	Relative Contribution (%)
Deere & Co	2.69	0.67
KLA Corp	2.21	0.40
JPMorgan Chase & Co	3.37	0.27
American Express Co	2.07	0.20
Texas Instruments Inc	2.44	0.18

Top Detractors	Average Weight (%)	Relative Contribution (%)
Merck & Co Inc	2.62	-0.24
Apple Inc	7.62	-0.20
VF Corp	1.33	-0.16
Medtronic PLC	2.09	-0.08
Warner Music Group Corp	0.48	-0.08

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

We maintain a strong positive outlook for equities. The fast-paced rollout of COVID-19 vaccinations should enable lifestyle normalization and the release of pent-up demand, further fueling the economic recovery. While unemployment remains elevated compared to pre-pandemic levels, the broad employment picture is improving, providing additional strength to an already healthy consumer. Strong capital markets contributing to wealth accumulation coupled with high consumer savings rates paint a bright picture for consumer spending – an outsized contributor to U.S. GDP – in the months ahead.

The interest rate rise in the first quarter was large by historical standards, reflecting the rapid change in growth and inflation expectations. However, while longer-maturity rates will likely trickle higher, we expect the rise to be orderly from here, and without significant disruption to equity markets. Additionally, during past periods of rising interest rates, higher-quality companies that generate strong cash flow, such as those held in the Fund, tend to be less reliant on capital markets and relatively less impacted by higher borrowing rates.

We are certainly mindful of risks that could upset our base case, including shifts in U.S. trade relations and corporate tax reform under the Biden administration, or a rapid rise in inflation. But, corporate balance sheets in most sectors remain healthy, and we expect secular growth trends that have been accelerated by the pandemic, including cloud services, Software as a Service and health care innovation, to further cement themselves in the global economy. Ultimately, we believe the Fund is well positioned for the current environment, focused on higher-quality, cash flow generative companies that we expect to be long-term winners amid the digital transformation.

Portfolio Management

Jeremiah Buckley, CFA

For more information, please visit **janushenderson.com.**

Janus Henderson INVESTORS

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.

Portfolio Manager information is as of 4/3/21.

Discussion is based on the performance of Class I Shares.

As of 3/31/21 the top ten portfolio holdings of Janus Henderson Growth and Income Fund are: Microsoft Corp (8.25%), Apple Inc (6.97%), Accenture PLC (4.92%), JPMorgan Chase & Co (3.48%), Deere & Co (2.97%), UnitedHealth Group Inc (2.63%), Texas Instruments Inc (2.58%), Comcast Corp (2.52%), Merck & Co Inc (2.52%) and McDonald's Corp (2.37%). 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.

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.

Janus Henderson Distributors