

International Opportunities Fund

Market Environment

- International equities rallied strongly in the fourth quarter, albeit marginally lagging domestic U.S. equities. The UK was one of the best performers after the market took comfort in the strength of the general election win for Prime Minister Boris Johnson. Emerging markets also were strongly positive after a softening in rhetoric about the ongoing trade dispute between China and the U.S.
- Generally, the more economically sensitive sectors were the stronger performers, led by materials, industrials and information technology. The more defensive sectors such as consumer staples and utilities lagged the broader market.
- The two key factors driving performance in the fourth quarter were supportive economic data and a more constructive dialogue in the trade discussions. While there is no doubt that the current economic cycle is extended, the data remains broadly supportive and is not currently indicating an imminent recession. Also, the less-hostile tone of the trade talks, on which much hope for the persistence of the cycle's continued elongation is dependent, buoyed the markets.

Performance Summary

The Fund outperformed its benchmark, the MSCI EAFE® Index, over the quarter ending December 31, 2019. There were substantial contributions from the Japan, Emerging Markets and Europe2 sleeves, while the Europe1, Asia Pacific ex Japan and Global Growth sleeves all lagged their respective regional benchmarks.



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

Portfolio Discussion

Allocations across the regional sub-portfolios are poised to participate in those markets we believe will see growth in the near term, while mindful of risk and uncertainty around the globe. Europe and Asia Pacific held steady during the quarter. Improving outlook for Emerging Markets prompted increased allocation at the expense of Japanese exposure, which was trimmed on strength.

Italian bank UniCredit S.p.A. was the top contributing holding over the fourth quarter. Its strong management team has been working to improve the financial robustness of the business and stripping out unnecessary costs. Relative to its peers, UniCredit is perceived to be cheap while also offering an attractive dividend yield.

Crédit Agricole Group, a French bank, also was a top individual contributor to absolute performance. The company is undergoing a structural change as management shifts its focus from investment and retail banking into wealth and asset management, both of which generate higher returns on equity. Like UniCredit, Crédit Agricole is generally perceived to be inexpensive and also offers an attractive dividend yield.

Asahi Group Holdings, a global beer, spirits, soft drink and food business group headquartered in Tokyo, was among the larger detractors to absolute performance during the quarter. Asahi boasts the number-one selling beer in Japan as part of its

product lineup. Unfortunately, the share price suffered after a particularly wet summer negatively impacted domestic sales. Against expectations, the management team then cut the dividend – a move that was taken very poorly by the market. The outlook for Asahi remains positive, however, as Japan will host the Olympic Games in 2020 and the influx of traveling supporters should boost sales.

Ayala Corp., a Philippines conglomerate, also detracted. Its business interests primarily are in real estate but also extend to hotels, electronics, automotives and water utilities. Reported earnings during the quarter were broadly fine, but the market had an adverse reaction to a lack of news on their real estate business, which recently has seen growth rates slow.

Top Contributors			Top Detractors		
	Ending Weight (%)	Contribution (%)		Ending Weight (%)	Contribution (%)
UniCredit SpA	2.90	0.57	Infosys Ltd	0.00	-0.29
Credit Agricole SA	2.99	0.51	Koninklijke Philips NV	0.00	-0.20
Bayer AG	3.24	0.48	Treasury Wine Estates Ltd	1.37	-0.14
Novo Nordisk A/S	3.49	0.42	Ayala Corp	1.21	-0.12
Z Holdings Corp	1.15	0.42	Asahi Group Holdings Ltd	1.11	-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.

Manager Outlook

From a macro perspective, we see plenty of risks to the current, already-elongated economic cycle. That said, our central case remains that we continue to see macro stabilization with no immediate threat from detrimental changes in unemployment levels, interest rates or inflationary pressures. The U.S. economy, which has been the main global market driver for much of the last decade, is starting to show signs of fatigue, but there are positive signs of improvement from the more cyclically sensitive areas such as Japan and Europe. The key focus for economic growth now moves toward China, which has started to increase its policy stimulus in recent months and is further aided recently by the more-constructive trade discussions.

We regard the broad market environment of the past two years as a reasonable guide to what can be expected in 2020: modest investment returns and occasional flare-ups in market volatility. Instead of expecting big sustained swings in macro momentum, policy and investor sentiment, it probably is right to prepare for an environment of mini-cycles that last just a few quarters.

While we are now entering what is in our opinion without doubt the latter stages of a prolonged period of economic stability, we believe there will be a passing of the baton from the United States to international economies, which should be advantageous for the Fund. The heavy focus on stock selection within the Fund also could be additive for investors at a time when security selection should be a key driver of returns.

Portfolio Management

Multi-Manager Approach

Equity Security Selection Oversight

- Dean Cheeseman

Asset Allocation Strategist

- Paul O'Connor

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.

Discussion is based on the performance of Class I Shares.

As of 12/31/19 the top ten portfolio holdings of Janus Henderson International Opportunities Fund are: Novo Nordisk A/S (3.50%), Bayer AG (3.25%), Credit Agricole SA (2.99%), UniCredit SpA (2.90%), Vivendi SA (2.78%), SAP SE (2.73%), RELX PLC (2.58%), BP PLC (2.38%), Housing Development Finance Corp Ltd (2.26%) and Toyota Motor Corp (2.06%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 12/31/19 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.

Security contribution to performance is measured by using an algorithm that multiplies

the daily performance of each security with the previous day's ending weight in the portfolio and is gross of advisory fees. Fixed income securities and certain equity securities, such as private placements and some share classes of equity securities, are excluded.

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.

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.

MSCI EAFE® (Europe, Australasia, Far East) Index reflects the equity market performance of developed markets, excluding the U.S. and Canada.

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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