

Opportunistic Alpha Managed Account

Market Environment

- The S&P 500[®] Index staged an impressive rebound on the heels of a near total shutdown of the economy, as the U.S. government and Federal Reserve (Fed) implemented massive stimulus and liquidity measures to backstop markets.
- The unemployment rate, which had previously risen to an extremely high level, eventually showed signs of recovery but remained elevated.
- Relatively positive economic data toward the end of the quarter, including an uptick in consumer spending, pointed to a nascent recovery; however, the development of virus hot spots, particularly in the Southern and Western regions of the country, underscored the challenges that remain as the economy reopens amid the ongoing COVID-19 pandemic.

Performance Summary

The Portfolio outperformed its benchmark, the S&P 500 Index, during the quarter ended June 30, 2020, driven primarily by positive stock selection.



For more information, please visit janushenderson.com/managedaccounts.

Portfolio Discussion

Following a steep downturn caused by the sudden halting of the economy, the government and Fed enacted broad stimulus measures that sparked a swift market rebound. During the downturn, we began to position the Portfolio for an eventual recovery, concentrating in our highest-conviction companies. Our investment philosophy seeks to own durable franchises that fall into three distinct investment theses: misunderstood business models, undervalued assets and underappreciated growth. During the quarter, our outperformance was evident in all three of these Portfolio segments.

Horizon Therapeutics was among the top contributors to benchmark-relative performance for the quarter. We believe the specialty pharmaceutical company's business model is misunderstood by the market, as it has transitioned from a specialty pharmaceutical company to a biopharma company focused on rare disease and orphan drugs. The firm reported strong quarterly results during the period, driven by its two key pharmaceutical assets: Krystexxa, which is used to treat severe gout, and Tepezza, used to treat thyroid eye disease.

Another top contributor for the period was semiconductor manufacturer Microchip Technology. We added to our position in the first quarter, as we believed the stock was punished disproportionately during the market downturn due to concerns around the impact of the recession on its business and due to its elevated financial leverage from a prior acquisition. As the business has proven to be more resilient than the market had expected and the company addressed covenant concerns during the quarter, the stock has rerated.

A top detractor for the quarter relative to the benchmark was defense contractor L3Harris Technologies. Defense stocks in general held up better during the initial

market sell-off but have struggled more recently. Huge levels of fiscal stimulus will likely lead to strained government budgets for the foreseeable future. As a result, fears that defense spending will be negatively impacted weighed on the stock during the quarter.

Crown Holdings, one of the largest global manufacturers of steel and aluminum cans for the food and beverage industry,

was also among the top relative detractors. While the core of Crown's business has continued to perform well and its fundamentals remain strong, high-multiple secular growth companies and recovery stories such as airlines, cruise lines and casinos have enjoyed outsized gains during the market rebound. Crown has not kept pace, and we did not see as strong a recovery in the stock price as we would have expected.

| Top Contributors | Representative Account | |
|------------------------------|------------------------|---------------------------|
| | Average Weight (%) | Relative Contribution (%) |
| Horizon Therapeutics plc | 3.79 | 2.10 |
| Freeport-McMoRan Inc | 2.89 | 1.24 |
| Microchip Technology | 3.80 | 1.23 |
| Marvell Technology Group Ltd | 3.72 | 1.17 |
| Apollo Global Management Inc | 3.45 | 1.03 |

| Top Detractors | Representative Account | |
|---------------------------|------------------------|---------------------------|
| | Average Weight (%) | Relative Contribution (%) |
| L3Harris Technologies Inc | 4.26 | -1.15 |
| Sempra Energy | 4.67 | -0.78 |
| Crown Holdings Inc | 6.52 | -0.57 |
| ICU Medical Inc | 1.68 | -0.57 |
| Hasbro Bradley Inc | 3.12 | -0.52 |

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

Following a deep downdraft in economic activity, the country has begun the process of reopening, and thus, we believe that we will see improved company results over the coming quarters. However, we also anticipate heightened market volatility as investors weigh better results against the country's effectiveness in controlling the COVID-19 outbreak. We fully expect cases to periodically spike, potentially necessitating intermittent shutdowns and creating risks to the developing recovery. As we look out further, we believe that the current health care crisis will be solved with a therapeutic solution, a vaccine and/or the development of herd immunity.

Importantly, the government and Fed have thus far provided an enormous amount of stimulus and liquidity to support markets. We believe these actions, which should create a very low interest rate environment for an extended period, make durable growth from equities attractive relative to other assets going forward. Consequently, we think investors will increasingly move out of cash positions built during the market downturn and into equities.

As we enter a period where we expect elevated volatility, we remain focused on investing in durable businesses whose stocks are trading at a significant discount to their fair value, whose intrinsic value grows over time and whose management teams are aligned with shareholders. We will continue to look for new ideas across all three different sets of opportunities in our portfolio: misunderstood business models, undervalued assets and underappreciated growth stocks.

Portfolio Management



Nick Schommer, CFA

For more information, please visit janushenderson.com.

Janus Henderson
— INVESTORS —

Past performance is no guarantee of future results.

Discussion is based on performance gross of fees and expenses.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

As of 6/30/20 the top ten portfolio holdings of the Representative Account are: Crown Holdings Inc (6.25%), GCI Liberty Inc (5.23%), Vici Pptys Inc (4.91%), Horizon Therapeutics Pu (4.72%), Servicemaster Global HI (4.46%), T-Mobile Us Inc (4.33%), Sempra Energy (4.18%), Marvell Technology G (4.14%), Boston Scientific Co (3.63%) and Amazon Com Inc (3.42%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

Portfolio holdings are as of the date indicated, and are subject to change. This material should not be construed as recommendation to buy or sell any security.

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.

Opportunistic Alpha Managed Account Composite, benchmarked to the S&P 500 Index, includes portfolios that seek to invest in under-valued companies with improving return on invested capital and an asymmetrical risk/reward profile. The portfolios may have exposure to foreign securities through ADRs. A typical portfolio invests in 35 to 55 equity securities. Prior to June 1, 2007 returns for the composite are for the Institutional Opportunistic Alpha Composite, which consisted of separately managed institutional accounts as well as sub-advised pooled funds. The composite was created in June 2007.

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

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