PORTFOLIO COMMENTARY

US Small Cap Growth

Market Environment

- Stocks rallied in the third quarter, assisted by resilient economic growth, better-than-expected corporate profits and news of progress toward a COVID-19 vaccine.
- The Federal Reserve continued its accommodative monetary policy and indicated it will likely keep interest rates near zero for the foreseeable future.

Performance Summary

The Portfolio had positive returns and outperformed its primary benchmark, the Russell 2000® Growth Index, for the quarter ended September 30, 2020. It outperformed its secondary benchmark, the Russell 2000® Index. Stock selection in information technology contributed positively to relative performance. Stock selection and an underweight in consumer discretionary detracted from relative results.

For detailed performance information, please contact a Janus Henderson Institutional team representative.

Portfolio Discussion

In the third quarter we saw a tug-of-war in market leadership between the narrow group of high-growth, high-valuation stocks that led the market in the first half of 2020 and the more reasonably valued, moderate-growth companies we favor. We have continued to approach the first group with caution, as we believe in many cases their lofty valuations are not supported by long-term earnings potential. While this approach dampened our relative performance for the quarter, it was less of a drag than it was in the first half of the year as the market began to show more balance.

Clarivate Analytics was a notable contributor. Clarivate owns subscription-based information services used by universities and biopharmaceuticals companies seeking brand or patent protection. These include the Web of Science, an online portal providing proprietary access to over 7,000 academic journals, proprietary databases and scientific journals. Subscription-based recurring revenues account for 85% of Clarivate's business. It continues to grow its business through strategic acquisitions, most recently of CPA Global, a leader in intellectual property software and services.

Cryoport was also a positive contributor. It provides Cold Chain Logistics solutions for transporting sensitive therapeutics, including cryogenically frozen genetic material used in gene therapy. In our view, gene therapy has the potential to revolutionize medicine, and we believe Cryoport is positioned to benefit from growth in this area regardless of which therapies eventually win approval. While investors have started to recognize the company's long-term potential, the stock received a significant boost from news that three of the four leading COVID-19 vaccines under development in the U.S. government's Project Warp Speed will require cryogenic freezing and transport. This has created an additional potential business opportunity for Cryoport.

Several health care holdings lost ground despite reporting solid earnings. Neurocrine Biosciences reported better-than-expected results, supported by healthy sales growth for its neurological drug Ingrezza. Despite this news, the company faced concerns

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over its inability to make in-person sales calls due to the pandemic. These challenges have created uncertainty for its near-term business, including its launch of a recently approved Parkinson's drug, Ongentys. Regardless of these near-term issues, we continue to see long-term potential tied to the company's marketable products and diversified pipeline.

Ligand Pharmaceuticals, another detractor, supplies proprietary technology that helps pharmaceutical companies formulate new drugs. In return it receives milestone and royalty payments as these drugs move through testing and commercialization. It also markets Captisol, a proprietary compound that improves solubility, stability and bioavailability of active pharmaceutical ingredients (APIs). Captisol is a key ingredient in remdesivir, an Ebola drug approved to treat COVID-19, and demand for remdesivir helped boost Ligand's second quarter profitability and stock performance. In the third quarter, however, investors sold the stock on concerns that a COVID-19 vaccine would reduce demand for remdesivir and in turn Captisol. We felt this sell-off was unwarranted, especially as Captisol is used in a variety of other drugs already on the market and in clinical trials. We also believe Ligand's true potential lies in its royalty agreements as part of the formulation for 140 different drugs under development. While not every one of these drugs will reach the market, this diverse portfolio provides Ligand with multiple ways to win as it capitalizes on innovation in the biopharmaceutical space.

Top Contributors	Representative Account Average Weight (%)	Representative Account Relative Contribution (%)
Clarivate PLC	2.11	0.59
Cryoport Inc	1.21	0.47
NICE Ltd (ADR)	3.13	0.38
Catalent Inc	3.56	0.34
Sailpoint Technologies Holdings Inc	1.10	0.27

Top Detractors	Representative Account Average Weight (%)	Representative Account Relative Contribution (%)
Neurocrine Biosciences Inc	0.95	-0.30
Ligand Pharmaceuticals Inc	1.17	-0.24
RealPage Inc	1.15	-0.23
Brady Corp	1.03	-0.20
Frontdoor Inc	0.87	-0.19

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 recently available disclosure period contact a Janus Henderson institutional team representative. 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 have been encouraged by progress toward a COVID-19 vaccine, even as we recognize one may not be widely available until later in 2021. Nonetheless, as the market anticipates a return to normalcy, we believe we will start to see renewed appreciation for the more moderately valued, long-term growth businesses we favor. Rather than trying to time such a market shift, we have remained committed to the disciplined investment approach that has worked to our advantage over the long term. Our focus remains on reasonably valued companies with durable competitive advantages, experienced management teams and pricing power that will help them maintain their profit margins even if recent stimulus measures lead to higher inflation. In our view this disciplined strategy is the best way to deliver strong risk-adjusted returns to our investors over time.

Portfolio Management

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

Past performance is no guarantee of future results.

Discussion is based on performance gross of fees.

Closed to certain new investors.

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 9/30/20 the top ten portfolio holdings of the Representative Account are: Catalent Inc (3.33%), NICE Ltd (ADR) (3.11%), Clarivate PLC (2.21%), SS&C Technologies Holdings Inc (1.82%), Descartes Systems Group Inc (1.78%), Paylocity Holding Corp (1.63%), Broadridge Financial Solutions Inc (1.58%), Redfin Corp (1.53%), ServiceMaster Global Holdings Inc (1.51%) and Sensient Technologies Corp (1.42%). 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 9/30/20, 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.

US Small Cap Growth Composite, benchmarked to the Russell 2000® Growth Index, includes portfolios that invest primarily in small-sized companies selected for their growth potential. Small sized companies are generally those who have market capitalizations less than $6 billion. A typical portfolio invests in 80 to 120 equity securities. Effective January 1, 2005 the composite definition was changed to include only proprietary mutual funds and exclude sub-advised pooled funds. Effective January 1, 2009 the composite definition was expanded to also include sub-advised pooled funds and separately managed institutional accounts. Prior to June 2020 the composite was known as the US Small Company Growth Composite. The composite was created in January 2003.

Janus Henderson provides investment advisory services in the U.S. through Janus Capital Management LLC, together with its participating affiliates.

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