

PORTFOLIO COMMENTARY

Perkins Global Value

Market Environment

- Equity markets continue to rise even though the pandemic remains out of control in many parts of the world.
- The approval and rollout of effective COVID-19 vaccines is a transformational event.
- The U.S. stimulus response remains highly dysfunctional.
- Although it has lagged for some time, value finally outperformed growth during the period.

Performance Summary

The Portfolio outperformed its primary benchmark, the MSCI World IndexSM, for the quarter ended December 31, 2020. The Portfolio nearly equaled its secondary benchmark, the MSCI World Value IndexSM. Value finally gained ground against growth, though the longer-term data point to growth's significant outperformance over value.



For detailed performance information, please visit perkinsinvestmentmanagement.com.

Portfolio Discussion

The MSCI World Index returned 14% in the period, and our Portfolio participated in the gains despite its purposefully defensive orientation. More cyclical sectors including financials, industrials and consumer discretionary led the way, while consumer staples, health care and utilities detracted on a relative basis. During the period we increased our weightings to economically sensitive sectors and decreased our exposure to more traditionally stable areas such as pharmaceuticals and staples.

We are of the view that the massive dislocations created by the pandemic have caused many investors to apply exceedingly high discount rates to the earnings streams of businesses such as banks, automotive manufacturers, aerospace suppliers and chemicals companies, among others. This fear strikes us as an opportunity to acquire high-quality franchises with good balance sheets at discounted valuations. We believe many of these companies will be better positioned and earning meaningfully more on a three- to five-year basis. When "glamour" stocks such as Tesla approach \$700 billion in market capitalization and trade for several hundred times earnings, we find the equity internal rates of return (IRRs) to be had by investing in more conventional value stocks much more compelling.

The financial sector was the largest single contributor during the period. Market participants increasingly are realizing that many financials are cheap, well-capitalized and generating positive returns despite a very challenging macro environment. At the individual stock level, the top contributor on a relative basis was Bank of Ireland, which announced strong cost-cutting results, declining provisions and improving fundamentals, especially in its mortgage book. Trading for a significant discount to tangible book value while still generating positive returns, we find the risk/reward compelling. Synchrony Financial, a major provider of private label credit cards, also

was a top contributor. The shares continue to recover from the depths of pandemic fears with its resilient credit portfolios. We believe Synchrony's unique risk-sharing business model could allow it to perform well in a variety of environments. Fifth Third Bancorp, a diversified financial services company, also contributed.

The biggest individual detractor from relative performance was Public Storage, an American international self-storage company. Danone S.A., a French multinational food products corporation, also detracted, along with health care giant Johnson & Johnson, with legal issues weighing on shares.

From a geographic perspective, holdings in the U.S. and the UK contributed to results, while holdings in France and Japan detracted. Modest cash holdings in the Portfolio detracted on a relative basis, given the market's gain.

We initiated several new positions during the period: Within the U.S., a diversified chemicals company, a major aerospace and defense contractor, a developer and distributor of entertainment software and a diversified packaging company. We also invested in a large regulated European utility with primary activities in Germany.

Top Contributors	Representative Account	
	Average Weight (%)	Relative Contribution (%)
Bank of Ireland Group PLC	0.82	0.58
Synchrony Financial	2.10	0.38
Tikkurila Oyj	0.58	0.38
Meggitt PLC	0.63	0.37
Fifth Third Bancorp	1.82	0.29

Top Detractors	Representative Account	
	Average Weight (%)	Relative Contribution (%)
Public Storage	3.72	-0.36
Unilever NV	2.02	-0.28
Danone SA	1.90	-0.25
Oracle Corp	4.20	-0.23
Johnson & Johnson	2.99	-0.23

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 visit perkinsinvestmentmanagement.com.

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

2020 has been an odd year, to say the least, given a global pandemic, economic dislocation and political turmoil – yet markets remain near all-time highs! Through it all, growth still outperformed value by a meaningful margin. As such, we remain laser-focused on the more conventional “value” components of our strategy. The pandemic understandably terrified many investors, and we believe it caused them to seriously underestimate and misprice the true earnings power of good-quality businesses with strong balance sheets. Our research agenda remains focused in these areas, such as financials, industrials and materials, and we are keen to add to them here.

However, this bull market is of unprecedented length. Caution in our positioning remains critical. Balance sheet strength and reliable cash flow generation remain core characteristics we seek for downside protection. We continue to favor resilient and stable business models such as those found in pharmaceuticals and consumer staples. We believe this measured approach could allow us to succeed over full market cycles while taking less risk along the way.

Thank you for your co-investment and continued confidence in Perkins Investment Management.

Portfolio Management

Sub-advised by Perkins®
Investment Management LLC



Greg Kolb, CFA



George Maglares

For more information, please visit perkinsinvestmentmanagement.com.



Past performance is no guarantee of future results.

Discussion is based on performance gross of fees.

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 12/31/20 the top ten portfolio holdings of the Representative Account are: Oracle Corp (4.24%), Public Storage (3.45%), Unilever PLC (2.79%), Johnson & Johnson (2.68%), Novartis AG (2.36%), Wells Fargo & Co (2.33%), Bayerische Motoren Werke AG (2.28%), Synchrony Financial (2.24%), Honda Motor Co Ltd (2.23%) and BAE Systems PLC (1.92%). 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 12/31/20, 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.

Perkins Global Value Composite, benchmarked to the MSCI World IndexSM and secondarily to the MSCI World Value IndexSM, includes portfolios that seek to invest in attractively valued companies of any size throughout the world that are trading at discounted prices with favorable risk-reward potential. A typical portfolio will be invested in 60 to 90 companies across all regions of the world, including the United States. Previously, portfolios were invested in a substantially similar style in 25 to 45 securities. In July 2010 the portfolio manager became an employee of Perkins Investment Management. 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. The composite was created in January 2003.

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