PORTFOLIO COMMENTARY

Perkins Global Value

Market Environment

- The nearly 11-year bull run in global equity markets finally snapped as the COVID-19 pandemic brought large swaths of the global economy to a screeching halt and a price war between Saudi Arabia and Russia caused a massive collapse in the price of oil. With the heightened threat of a global recession, the S&P 500® Index ended March nearly 24% below its peak on February 19.
- More economically sensitive sectors lagged during the sell-off, including energy, financials, consumer discretionary, materials and industrials, while defensive sectors such as health care, utilities, staples and communication services outperformed.
- Counterintuitively, in our view, the technology sector also was a strong relative performer. Technology stocks were one of the key drivers of the gaping outperformance of growth stocks over value stocks.
- Central governments unleashed massive monetary and fiscal stimulus.

Performance Summary

The Portfolio lagged its primary benchmark, the MSCI World Index℠, but outperformed its secondary benchmark, the MSCI World Value Index℠, over the quarter ended March 31, 2020. Growth stocks outperformed value by a meaningful margin, which hindered the performance of our value-oriented strategy.

For detailed performance information, please visit perkinsinvestmentmanagement.com.

Portfolio Discussion

Our positioning aims to be defensive, with significant overweights in pharmaceuticals and food and beverage. However, we recently and gradually have harvested winners in these areas and increased exposure to automotive and financials, where we believe sound businesses, strong balance sheets and lower valuation multiples offer compelling reward-to-risk and downside mitigation. Unfortunately, these areas remained under intense pressure during the period.

Our holdings in financials explained the bulk of underperformance. We remain of the view that U.S.-based financials are very well capitalized compared to the 2008 Global Financial Crisis. Even amid declining interest rates and deteriorating macro fundamentals, we remain surprised by the negative share price reaction across the entire sector. We have taken the market turbulence as an opportunity to consolidate our holdings in our greatest-conviction ideas. On a single-name basis, our position in diversified banking giant Wells Fargo detracted amid generally indiscriminate selling across financials. Similarly, consumer credit card issuer Synchrony Financial lagged on fears of falling consumer spending. We continue to like both positions.

Our technology holdings, especially our underweight, also detracted. We remain skeptical about richly valued growth stocks being able to sustain such high valuations in a deteriorating economic environment, but we acknowledge the sector was a relative outperformer during a significant downdraft. Software giant Oracle was among

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our top relative contributors, likely owing to the recurring and resilient aspects of its business model.

As indicated, traditionally defensive sectors also tended to outperform. While the real estate sector modestly lagged, our top relative contributor was Public Storage, the conservatively capitalized self-storage real estate investment trust. Health care was the Portfolio's and the MSCI World Index's top-performing sector, and Johnson & Johnson was a top contributor. Our underweight in energy also aided relative performance given the precipitous drop in the underlying commodity.

From a geographic perspective, holdings in the U.S. and the UK hindered results, the former's underperformance driven mainly by previously mentioned financials. Our holdings in Switzerland and France contributed to performance on a relative basis, largely reflecting the defensiveness of our positions in pharmaceuticals and food and beverage.

We initiated two new U.S.-based positions, an industrial conglomerate with market-leading positions across a host of growing end markets and a dominant provider of networking and communication equipment. We added to several of our greater-conviction ideas, funding them in part by reductions in stronger relative performers. We continue to seek securities with favorable reward-to-risk ratios, and we are taking a balanced approach to both resilient and more beleaguered end markets.

Top Contributors	Representative Account Average Weight (%)	Representative Account Relative Contribution (%)
Public Storage	3.11	0.43
Oracle Corp	3.65	0.39
Johnson & Johnson	4.37	0.37
Roche Holding AG	2.06	0.32
Alphabet Inc	4.23	0.22

Top Detractors	Representative Account Average Weight (%)	Representative Account Relative Contribution (%)
Wells Fargo & Co	3.53	-0.91
Synchrony Financial	1.87	-0.73
Bank Of Ireland Group P	1.01	-0.57
Fifth Third Bancorp	1.34	-0.46
Two Harbors Investment Corp	0.70	-0.37

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

The first quarter revealed the fragility of financial markets worldwide as a global pandemic, unprecedented in modern times, likely has pushed most of the world's economies into recession. Since many developed economies are driven by consumption versus production, the mandated social distancing required to combat the spread of COVID-19 has a material chilling effect. As a result, general economic activity and corporate earnings are likely entering a valley in much of the world. We do not know how deep or how sustained this decline will be, but we do have conviction that the virus eventually will be contained. We believe the Portfolio will show particular strength should the decline worsen, consistent with our defensive positioning and history of losing less than the market and peers in all the significant drawdowns over the past nearly seven years since inception and prior to the current period. The upside potential in our portfolio is higher than it has been in many years.

Our team is actively reviewing our holdings for new risks and searching for new investments.We are assessing our holdings' ability to endure a period of significant uncertainty marked by potentially dramatic revenue declines and limited access to funding markets. We are also reassessing credit, liability and other newly triggered risks resulting from COVID-19 and the related economic standstill. We continue to pursue a defensive-minded approach in this volatile moment with a pronounced emphasis on quality.

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

Portfolio Management

Sub-advised by Perkins® Investment Management LLC

Gregory Kolb, CFA

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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 3/31/20 the top ten portfolio holdings of the Representative Account are: Johnson & Johnson (5.00%), Pfizer Inc (4.63%), Alphabet Inc (4.50%), Oracle Corp (4.21%), Public Storage (3.96%), Wells Fargo & Co (2.96%), Sanofi (2.90%), Unilever NV (2.70%), Roche Holding AG (2.49%) and BAE Systems PLC (2.48%). 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 3/31/20 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.

Perkins Global Value Composite, benchmarked to the MSCI World Index[SM] and secondarily to the MSCI World Value Index[SM], 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.

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

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