4Q20
U.S. Equity

PORTFOLIO COMMENTARY

Large Cap Value Managed Account

Market Environment

- Positive returns continued in the quarter ended December 31, 2020, following the trend of the previous two quarters, with many market indices ending at or near the year's highs. In addition, value outperformed growth during the period.
- The quarterly gains were driven by positive vaccine developments, U.S. election results and the continuation of monetary and fiscal stimulus.
- While optimism remains for continued monetary and fiscal stimulus, lofty equity valuations and the ability of the economy and corporate earnings to recover will be key considerations in 2021.

Performance Summary

The Portfolio outperformed its benchmark, the Russell 1000® Value Index, for the quarter ended December 31, 2020. Stock selection was the main driver of relative outperformance.

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

Portfolio Discussion

Driven by positive vaccine news, the index posted a strong quarter, mainly led by energy and financials, two of the biggest overall laggards of 2020. Within financials, banks benefited from a steepening of the yield curve as well as from positive sentiment that the vaccine will lead to a quick recovery and fewer credit losses. The Portfolio's stock selection in the sector was additive, with financial services companies Discover and Charles Schwab, as well as M&T Bank, making up the largest individual contributors to relative outperformance. Our relative overweight position also contributed, particularly in banks. We continue to favor banks as they are well capitalized and trading at attractive valuations. Our stock selection in materials and consumer discretionary also aided relative returns, as did our underweight in consumer staples.

Stock selection in industrials, communication services and technology detracted from relative returns. Media conglomerate Fox and software provider Citrix Systems were among the largest individual detractors to relative performance during the period. The Portfolio's overweight position in utilities, as well as stock selection, also hurt performance. Midwestern based utility Alliant was the biggest individual detractor on a relative basis.

During the period we initiated two new positions – an operator of manufactured home communities and RV resorts as well as an auto parts retailer. Conversely, we exited positions in technology, industrials and consumer staples. We continue to seek securities with favorable reward-to-risk ratios while taking a balanced approach to both resilient and economically sensitive end markets.

Janus Henderson
INVESTORS

Top Contributors	Representative Account Average Weight (%)	Representative Account Relative Contribution (%)
Discover Financial Services	1.90	0.62
Charles Schwab Corp	2.34	0.53
M&T Bank Corp	1.73	0.37
F5 Networks Inc	1.51	0.37
Hartford Financial Services Group Inc	2.27	0.37

Top Detractors	Representative Account Average Weight (%)	Representative Account Relative Contribution (%)
Alliant Energy Corp	2.26	-0.36
Entergy Corp	2.19	-0.29
Fox Corp	1.96	-0.28
Public Storage	2.19	-0.26
Citrix Systems Inc	1.36	-0.25

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

As we bid "good riddance" to 2020, we need to contemplate what the road ahead will look like. It is difficult to imagine a repeat of this past year, but we also must understand that a return to "normal" will be a process and not just occur once vaccinations are widespread. Equity markets at all-time highs belie the fact that damage has been done to the economy and the healing process will take time. We see reasons to be optimistic but also are cautious given the recovery over the past nine months. In addition, we are hopeful that value will show improvement and believe higher-quality stocks provide an opportunity for investors given their meaningful lag versus lower-quality stocks.

2020 saw unprecedented stimulus by governments and central banks globally, and while the amount could slow meaningfully, it is our belief that stimulus will not go away. In the U.S., stimulus programs that showered the markets with liquidity allowed even consumers who were temporarily unemployed to have greater discretionary income than if they had been working. Undoubtedly, these coordinated efforts helped to boost the prices of risk assets around the world. Even though the U.S. will run a $3 trillion budget deficit this year, we believe the will to spend more at the fiscal level likely will continue, thus providing a further tailwind for markets. For years, central banks have been hungry for inflation and this wish might be granted in 2021. Euphoria and unabashed bullishness have been on display in equities since the March lows, from a plethora of initial public offerings (IPOs) with questionable business models and frothy valuations to the proliferation of free trading, creating an "everything rally" in 2020 that seemed to position everyone to win.

We believe earnings growth in 2021 is likely to be strong, coming off one of the biggest declines in history. This growth could be most pronounced in areas such as cyclicals and banks – sectors that sustained some of the biggest pandemic earnings hits and where we believe the Portfolio should benefit given our material exposure there. At least for the coming year, we believe the value segment is well positioned. We remain convinced that over the long term, investing in companies with strong balance sheets, durable franchises and other quality attributes will again become important contributors to outperformance.

Thank you for your co-investment in the Large Cap Value Portfolio.

Portfolio Management

Sub-advised by Perkins® Investment Management LLC

Kevin Preloger

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 12/31/20 the top ten portfolio holdings of the Representative Account are: Berkshire Hathaway Inc (3.20%), DuPont de Nemours Inc (2.76%), US Bancorp (2.70%), Johnson & Johnson (2.43%), Comcast Corp (2.43%), Evergy Inc (2.41%), PNC Financial Services Group Inc (2.35%), Hartford Financial Services Group Inc (2.33%), Charles Schwab Corp (2.29%) and Medtronic PLC (2.26%). 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 Large Cap Value Managed Account Composite, benchmarked to the Russell 1000 Value Index, includes portfolios that are broadly diversified and seek to identify quality large sized US companies trading at discounted prices with favorable risk/reward potential. The strategy emphasizes common stocks of companies with market capitalizations above $9 billion. A typical portfolio will contain no more than 75 securities. Prior to January 1, 2010 returns for the composite are for the Perkins Large Cap Value Composite, which consisted of separately managed institutional accounts, proprietary mutual funds as well as sub-advised pooled funds and normally invested in 90-140 securities. The composite was created in January 2010.

Russell 1000® Value Index reflects the performance of U.S. large-cap equities with lower price-to-book ratios and lower expected growth values.

Beta measures the volatility of a security or portfolio relative to an index. Less than one means lower volatility than the index; more than one means greater volatility.

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