PORTFOLIO COMMENTARY

Perkins US Small Cap Value

Market Environment

- The market continued its sharp rally into the fourth quarter of 2020.
- Higher-beta and lower-quality stocks, including non-earners, drove the index, similar to the preceding two quarters.
- Cyclical sectors outperformed, with materials, energy and technology leading for the period.

Performance Summary

The Portfolio underperformed its benchmark, the Russell 2000® Value Index, for the quarter ended December 31, 2020. Stock selection in materials, technology and consumer staples hurt relative returns. Stock selection in financials and health care and overweight positions in materials and technology were additive for the period.

For detailed performance information, please visit perkinsinvestmentmanagement.com.

Portfolio Discussion

Driven by positive vaccine news, the index returned 33% during the quarter – its strongest quarter in the last 10 years. Our more defensively oriented portfolio did not fully keep pace, due to relative misses rather than to any stock-specific declines. In fact, all sectors in the portfolio posted positive returns for the period.

The index's sharp rally during the quarter was led by high-beta stocks and non-earners. Two of the strongest areas for the index were materials and information technology. Our stocks in both groups were up over 20% for the period but lagged the index. Within materials, our low exposure to miners hampered relative returns. The biggest individual detractors on a relative basis were real estate investment trust STAG Industrial, Inc. and global outdoor apparel and accessories company Columbia Sportswear.

Health care contributed to relative performance, due both to strong stock selection and to our relative underweight in pharmaceuticals. Financials also outperformed, with our selection in banks additive, in particular, as they benefited from a steepening of the yield curve and from positive sentiment that the vaccine will lead to a quick recovery and fewer credit losses. United Community Bank, a southeast-based retail banking services provider, and financial services provider WSFS were the largest individual contributors on a relative basis. We continue to favor banks as they are well capitalized and trading at attractive valuations.

During the quarter, we added to smaller companies as we found better opportunities down the market-cap spectrum. We added cyclicality to the portfolio and trimmed health care and real estate.

Perkins
—JANUS HENDERSON—

Top Contributors	Representative Account Average Weight (%)	Representative Account Relative Contribution (%)
United Community Banks Inc/GA	2.30	0.64
Steven Madden Ltd	1.60	0.57
WSFS Financial Corp	1.58	0.40
Atlantic Union Bankshares Corp	2.23	0.38
Evercore Inc	1.00	0.32

Top Detractors	Representative Account Average Weight (%)	Representative Account Relative Contribution (%)
STAG Industrial Inc	2.79	-0.77
Columbia Sportswear Co	1.82	-0.67
UniFirst Corp/MA	2.61	-0.56
Nomad Foods Ltd	1.39	-0.53
Southwest Gas Holdings Inc	1.56	-0.49

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

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 Small Cap Value Portfolio.

Portfolio Management

Justin Tugman, CFA

Craig Kempler, CFA

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: Hanover Insurance Group Inc (2.90%), UniFirst Corp/MA (2.65%), STAG Industrial Inc (2.62%), United Community Banks Inc/GA (2.43%), Atlantic Union Bankshares Corp (2.33%), United Bankshares Inc/WV (2.12%), Lincoln Electric Holdings Inc (1.99%), Sunstone Hotel Investors Inc (1.91%), WNS Holdings Ltd (ADR) (1.89%) and Innospec Inc (1.86%). 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 US Small Cap Value Composite, benchmarked to the Russell 2000® Value Index, includes portfolios that seek to identify quality small-sized companies trading at discounted prices with favorable risk/reward potential. Portfolios invest primarily in US companies whose market capitalization, at time of initial purchase, is less than the 12-month average of the maximum market capitalization for companies included in the Russell 2000 Value Index. Prior to 2003, the composite was known as the Berger Small Cap Value Equity Composite. Prior to 2003, the composite included both institutional accounts and mutual funds. In 2003 and 2004 the composite included only separately managed institutional accounts. Effective January 1, 2005 the composite definition was changed to include sub-advised pooled funds as well as separately managed institutional accounts. Effective January 1, 2009 the composite definition was expanded to also include proprietary mutual funds. A minimum asset size requirement of $1 million for composite participation was used prior to January 1, 2006. The composite was created in June 1998.

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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