

## Global Research Fund

### Market Environment

- A sharp slowdown in global economic growth and stubbornly high inflation contributed to losses in global equity markets for the third quarter.
- Record-high inflation in many countries led to synchronized policy tightening. Most notable were U.S. interest rate increases of 0.75% in both July and September, bringing rates to 3.25%. The European Central Bank (ECB) also raised rates in July and September – its first rate hikes in 11 years – bringing rates to 1.25%.
- Adding to negative sentiment in Europe were concerns about a looming energy crisis as Russia reduced gas supplies.

### Performance Summary

The Fund outperformed its benchmark for the period ended September 30, 2022, due primarily to the solid performance of select holdings within the energy and financials sectors. Conversely, areas of relative weakness included the industrials and health care sectors, where negative stock selection hindered results.



For detailed performance information, please visit [janushenderson.com/performance](https://janushenderson.com/performance).

### Portfolio Discussion

On an individual stock basis, top relative contributors included energy holdings ConocoPhillips and Marathon Petroleum, both of which benefited from persistently high oil prices. Adding to share strength for oil producer ConocoPhillips was the hope that its diversified asset base could make it more resilient against inflationary pressures in the supply chain. Other positives included better-than-expected second quarter earnings and revenue, as well as a planned \$5 billion increase in expected 2022 returns of capital to shareholders, bringing the expected total cash return to \$15 billion. Oil refiner Marathon Petroleum also exceeded second quarter profits and revenue, benefiting from tight refining capacity and strong demand for oil products. Similar to ConocoPhillips, Marathon Petroleum continued to demonstrate a strong commitment to enhancing shareholder value through its share repurchase program. In August, the company authorized another \$5 billion buyback. Its total planned buyback for 2022 is \$15 billion.

Drug manufacturer Sarepta Therapeutics also contributed. Sarepta's stock climbed after the company received positive feedback from the Food and Drug Administration (FDA) on SRP-9001, a gene therapy for Duchenne muscular dystrophy (DMD), and subsequently announced its intention to seek accelerated approval for the therapy, which could transform patient lives. DMD is a fatal, hereditary muscle-wasting disease that affects tens of thousands of children.

Notable detractors included Alstom, a leading maker of rail equipment in Europe. The company recently reported an increase in quarterly sales and healthy order intake levels. However, management cautioned that component shortages and inflation could weigh on profitability in its 2023 fiscal year. We maintained our position in Alstom, as we believe its profitability and cash flow will inflect positively over the next several

years as it works through its lower-margin Bombardier legacy contracts, orders remain robust, and as it begins to harvest the higher-margin contracts in its backlog.

Catalent also weighed on the Fund results. Like many life sciences companies, Catalent underperformed due to a combination of market fears about the funding environment for development stage companies, concerns about its ability to transfer vaccine-related revenues to other manufacturing operations, and a relatively minor FDA inspection issue. We believe these issues are all transitory. The underlying strength of Catalent's business is solid, as evidenced by management raising its long-term revenue guidance from 6%-8% to 8%-10%

due to strong growth in biologics development and manufacturing.

An underweight position in electric vehicle manufacturer Tesla also detracted from the Fund's relative results. The company's stock climbed higher on optimism that its margins and volumes could improve as a result of new tax credits to EV consumers and U.S. battery manufacturers that produce batteries with locally sourced materials. The vast majority of Tesla vehicles sold in the U.S. are supplied with batteries produced in Tesla manufacturing facilities in Nevada and Texas. Signs of improvement at the Shanghai manufacturing facility also supported share strength.

Top Contributors	Average Weight (%)	Relative Contribution (%)	Top Detractors	Average Weight (%)	Relative Contribution (%)
Marathon Petroleum Corp	1.20	0.28	Alstom	0.98	-0.18
ConocoPhillips	1.20	0.20	Catalent Inc	0.61	-0.16
Sarepta Therapeutics Inc	0.37	0.16	Tesla Inc	0.81	-0.14
Deere & Co	1.09	0.15	Full Truck Alliance Co	0.41	-0.13
LPL Financial Holdings Inc	0.66	0.14	API Holdings Ltd	0.27	-0.13

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](http://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

Despite a synchronized shift in monetary and fiscal tightening, inflation remains stubbornly high. As a result, we have adopted a more cautious outlook for the global economy. Meanwhile, on a relative basis, the U.S. economy has remained somewhat resilient, with a strong labor market giving investors hope that a downturn in the U.S. may not be as severe as in other parts of the world and that the U.S. may therefore bolster the global economy. The loosening of China's zero-tolerance COVID-19 policy could also have positive implications for the global economy.

Turning to the Fund, our strategy is to invest in quality businesses able to demonstrate future earnings growth by providing innovative products and services, while also focusing on the price we pay for that growth. Our investment universe has expanded with the market sell-off as we continue to find good companies supporting our investment themes in e-commerce, cloud computing, digital payments, and health care innovation. Nonetheless, macroeconomic headwinds have prompted us to take additional measures to manage the Fund's risk. To that end, we are being vigilant in our evaluation of stock-specific risk, including stress-testing each company's free cash flow to assess any potential impact from the current economic environment. We've also shortened the Fund's equity duration with the goal of further reducing its sensitivity to rising interest rates. We believe these measures, in combination with our focus on companies participating in secular growth trends, will enable us to pursue our goal of long-term growth of capital.

## Portfolio Management

Central Research Team

For more information, please visit [janushenderson.com](http://janushenderson.com).

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INVESTORS

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**Past performance is no guarantee of future results. Call 800.668.0434 or visit [janushenderson.com/performance](http://janushenderson.com/performance) for current month-end performance.**

Discussion is based on the performance of Class I Shares.

As of 9/30/22 the top 10 portfolio holdings of Janus Henderson Global Research Fund are: Microsoft Corp (4.94%), Apple Inc (4.59%), Alphabet Inc (3.16%), Amazon.com Inc (3.05%), Constellation Brands Inc (2.40%), Ferguson PLC (2.14%), ASML Holding NV (2.08%), JPMorgan Chase & Co (1.99%), Pernod Ricard SA (1.93%) and United Parcel Service Inc (1.80%). There are no assurances that any portfolio currently holds these securities or other securities mentioned.

The opinions are as of 9/30/22, 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.**

**Foreign securities are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in emerging markets.**

**Growth stocks are subject to increased risk of loss and price volatility and may not realize their perceived growth potential.**

**MSCI World Index<sup>SM</sup>** reflects the equity market performance of global developed markets.

**MSCI All Country World Index<sup>SM</sup>** reflects the equity market performance of global developed and emerging markets.

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

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