

INTECH International Managed Volatility Fund

1Q17 Performance Commentary (Class I Shares)



Summary

- The INTECH International Managed Volatility Fund outperformed the MSCI EAFE Index for the quarter.
- International equity markets recorded their biggest quarterly gain since 2013 with the MSCI EAFE Index posting a return of 7.25% for the quarter. While the information technology, industrials and consumer staples sectors were the strongest performers, the energy sector became the weakest performing sector during the quarter after strongly outperforming in 2016.
- The Fund's average overweight to lower beta stocks and underweight to higher beta stocks contributed during the quarter as these lower beta stocks outperformed their higher beta counterparts within the index during the quarter on average.
- From a sector perspective, the Fund was positively impacted by an average underweight allocation to the energy sector, as well as an average overweight allocation to the information technology sector, during the period. Favorable security selection, especially within the consumer discretionary sector, also contributed to relative performance during the quarter.
- INTECH's International Managed Volatility strategy's optimization approach, which targets an excess return while minimizing the absolute-risk, involves a dynamic adjustment to the market environment whereby the strategy adjusts the volatility reduction to market conditions. In periods of volatile markets, the portfolio will focus on volatility reduction offering a smoother ride and an increased downside protection and in periods of lower volatility, the portfolio will focus on alpha generation.

As of March 31, 2017

Fund Performance (%)	1Q17	1 year	3 year	5 year	10 year	Since Inception (5/2/07)
Class I Shares	9.18	4.53	0.27	7.05	–	1.01
Class T Shares	9.22	4.48	0.10	6.78	–	0.14
Class A Shares @ NAV	9.12	4.43	-0.02	6.72	–	0.84
Class A Shares @ MOP	2.82	-1.61	-1.98	5.46	–	0.24
MSCI EAFE® Index	7.25	11.67	0.50	5.83	–	0.61

Returns quoted are past performance and do not guarantee future results; current performance may be lower or higher. Investment returns and principal value will vary; there may be a gain or loss when shares are sold. For the most recent month-end performance call 877.33JANUS (52687) or visit janus.com/advisor/mutual-funds.

Maximum Offering Price (MOP) returns include the maximum sales charge of 5.75%. Net Asset Value (NAV) returns exclude this charge, which would have reduced returns.

Expense ratios: Class I Shares: Gross 0.87% and Net 0.87% | Class T Shares: Gross 1.16% and Net 1.16% | Class A Shares: Gross 1.24% and Net 1.24%.

Net expense ratios reflect the expense waiver, if any, Janus Capital has contractually agreed to through 11/1/17.

Returns include reinvestment of dividends and capital gains.

Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, please contact your investment professional or download the file from janus.com/info. Read it carefully before you invest or send money.

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**INTECH International Managed Volatility Fund**

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Quarterly Performance Attribution by Standard Deviation (%)

Std. Dev. Range	INTECH International Managed Volatility Fund			MSCI EAFE® Index			Avg. Weight Difference	Attribution		
	Avg. Std. Dev.	Avg. Weight	Total Return	Avg. Std. Dev.	Avg. Weight	Total Return		Allocation Effect	Residual (Selection Effect)	Total Effect
Quintile 1 (high)	17.53	14.26	11.52	20.87	15.91	7.45	-1.65	-0.03	0.49	0.47
Quintile 2	13.73	15.22	8.96	13.94	14.17	5.66	1.06	-0.11	0.50	0.39
Quintile 3	10.62	18.49	11.70	12.14	17.41	6.59	1.07	-0.01	0.92	0.92
Quintile 4	10.45	14.95	9.19	11.37	24.02	7.15	-9.07	0.01	0.32	0.33
Quintile 5 (low)	7.26	37.01	8.10	10.04	28.49	8.91	8.52	0.10	-0.21	-0.11
Total	10.27	100.00	9.38	12.32	100.00	7.39	---	-0.04	2.03	1.99

- As of March 31, 2017, the Fund exhibited a 16.6% estimated volatility reduction versus the MSCI EAFE® Index per the Standard Deviation statistics in the table above.
- The Fund's overall active positioning from a volatility standpoint detracted slightly from relative performance during the quarter. However, an overall positive selection effect contributed to the Fund's relative performance during the period.

Quarterly Performance Attribution by Beta

Beta Range	INTECH International Managed Volatility Fund			MSCI EAFE® Index			Avg. Weight Difference (%)	Attribution		
	Avg. Beta	Avg. Weight (%)	Total Return (%)	Avg. Beta	Avg. Weight (%)	Total Return (%)		Allocation Effect (%)	Residual (Selection Effect) (%)	Total Effect (%)
Quintile 1 (high)	1.39	10.14	15.04	1.54	23.86	5.49	-13.72	0.26	0.73	0.99
Quintile 2	1.08	12.75	11.85	1.09	23.09	7.96	-10.34	-0.05	0.47	0.41
Quintile 3	0.88	14.54	3.16	0.88	21.98	7.33	-7.44	0.02	-0.58	-0.56
Quintile 4	0.69	28.07	12.84	0.69	19.49	9.43	8.57	0.17	0.91	1.08
Quintile 5 (low)	0.38	34.43	7.12	0.44	11.57	6.91	22.86	0.02	0.06	0.08
Total	0.64	100.00	9.38	1.00	100.00	7.39	---	0.40	1.59	1.99

- The Fund's average overweight to lower beta stocks (beta quintiles 4 and 5) and underweight to higher beta stocks (beta quintile 1) had a positive impact on relative performance this quarter.
- The estimated beta of the Fund of 0.64 reflects the current defensive positioning of the Fund.

Quarterly Performance Attribution by Market Capitalization (%)

Market Capitalization Range	INTECH International Managed Volatility Fund		MSCI EAFE® Index		Avg. Weight Difference	Attribution		
	Avg. Weight	Total Return	Avg. Weight	Total Return		Allocation Effect	Residual (Selection Effect)	Total Effect
Over \$100B	2.02	3.72	16.87	6.05	-14.84	0.19	-0.03	0.16
\$25B to \$100B	16.64	12.94	42.29	7.26	-25.65	0.03	0.92	0.94
\$15B to \$25B	14.16	12.66	13.06	9.06	1.10	0.03	0.48	0.51
\$2B to \$15B	66.79	8.05	27.75	7.63	39.05	0.10	0.29	0.39
Under \$2B	0.33	0.91	0.04	8.11	0.29	0.03	-0.03	0.00
Total	100.00	9.38	100.00	7.39	---	0.36	1.63	1.99

- The Fund's overall active size positioning had a positive impact on relative performance during the quarter.
- An overall positive selection effect also contributed to relative performance during the quarter.

Source: FactSet. Average Standard Deviation and Average Beta is calculated based on trailing 12 month annualized daily data. See last page for important disclosures.

INTECH International Managed Volatility Fund

1Q17 Performance Commentary (Class I Shares)



Quarterly Performance Attribution by Sector (%)

GICS Sector	INTECH International Managed Volatility Fund		MSCI EAFE® Index		Avg. Weight Difference	Allocation Effect	Attribution	
	Avg. Weight	Total Return	Avg. Weight	Total Return			Residual (Selection Effect)	Total Effect
Consumer Discretionary	16.07	12.68	12.33	5.42	3.74	-0.02	1.23	1.21
Consumer Staples	4.79	0.68	11.19	9.12	-6.40	-0.15	-0.36	-0.50
Energy	2.01	1.47	5.13	-1.76	-3.11	0.31	0.10	0.41
Financials	12.43	9.33	21.35	7.47	-8.91	-0.10	0.19	0.09
Health Care	5.21	12.02	10.67	8.67	-5.46	-0.05	0.22	0.17
Industrials	17.58	6.75	14.17	9.27	3.42	0.07	-0.42	-0.35
Information Technology	8.45	15.50	5.59	11.74	2.86	0.11	0.24	0.36
Materials	12.34	9.12	8.07	7.65	4.27	0.01	0.19	0.20
Real Estate	10.84	6.31	3.73	6.14	7.11	-0.07	0.06	-0.01
Telecommunication Services	1.62	8.33	4.47	5.20	-2.85	0.07	0.05	0.12
Utilities	8.14	11.76	3.29	7.87	4.85	0.03	0.27	0.30
Total	100.00	9.38	100.00	7.39	---	0.22	1.77	1.99

- An average underweight allocation to the energy sector, as well as favorable security selection within the consumer discretionary sector, contributed to the Fund's relative performance during the quarter.

Quarterly Performance Attribution by Country (%)

Country	INTECH International Managed Volatility Fund		MSCI EAFE® Index		Avg. Weight Difference	Allocation Effect	Attribution	
	Avg. Weight	Total Return	Avg. Weight	Total Return			Residual (Selection Effect)	Total Effect
Australia	8.63	14.20	7.57	11.01	1.06	0.05	0.26	0.31
Austria	0.79	16.40	0.21	9.09	0.58	-0.01	0.03	0.02
Belgium	1.07	5.17	1.16	5.15	-0.09	0.00	0.00	0.00
Denmark	0.48	9.25	1.65	6.57	-1.16	0.02	0.03	0.04
Finland	0.67	6.50	0.95	7.70	-0.28	0.01	0.00	0.01
France	5.63	8.95	9.99	7.35	-4.36	0.09	0.07	0.16
Germany	4.59	16.03	9.30	8.52	-4.71	-0.06	0.32	0.26
Hong Kong	15.72	14.40	3.41	13.41	12.31	0.76	0.10	0.86
Ireland	0.03	1.01	0.46	3.89	-0.44	0.02	0.00	0.02
Israel	3.47	5.49	0.68	5.64	2.79	-0.05	-0.02	-0.07
Italy	1.73	12.63	2.07	6.25	-0.33	0.08	0.05	0.13
Japan	39.14	6.24	24.12	4.64	15.02	-0.43	0.63	0.19
Netherlands	0.46	4.40	3.35	11.35	-2.89	-0.10	-0.03	-0.13
New Zealand	1.48	-4.91	0.18	2.33	1.30	-0.05	-0.11	-0.15
Norway	1.18	-8.74	0.67	1.50	0.52	-0.05	-0.12	-0.16
Portugal	0.00	0.00	0.15	8.25	-0.15	0.00	0.00	0.00
Singapore	1.64	5.30	1.30	13.48	0.34	0.06	-0.11	-0.05
Spain	0.88	22.25	3.16	14.87	-2.29	-0.15	0.08	-0.07
Sweden	2.28	9.48	2.88	9.98	-0.60	-0.01	-0.02	-0.03
Switzerland	8.31	11.57	8.73	8.83	-0.43	0.02	0.19	0.21
United Kingdom	1.76	10.72	18.03	5.06	-16.27	0.38	0.09	0.47
Total	100.00	9.38	100.00	7.39	---	0.55	1.44	1.99

- The Fund's overall active country positioning contributed to relative performance during the quarter.
- An overall positive selection effect also contributed to the Fund's relative performance during the quarter, especially within Japan.

Source: FactSet. See last page for important disclosures.

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The weighting of securities within the Fund's portfolio may differ significantly from the weightings within the index. The index is unmanaged and not available for direct investment; therefore its performance does not reflect the expenses associated with the active management of an actual portfolio. 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.

Real estate securities, including Real Estate Investment Trusts (REITs) may be subject to additional risks, including interest rate, management, tax, economic, environmental and concentration risks.

Investing involves risk, including the possible loss of principal and fluctuation of value.

INTECH's focus on managed volatility may keep the Fund from achieving excess returns over its index. The strategy may underperform during certain periods of up markets, and may not achieve the desired level of protection in down markets.

Performance for Class A Shares, Class I Shares and Class T Shares prior to 7/6/09 reflects the performance of one or more similar share classes of the Fund or a predecessor fund, adjusted, where applicable and permitted, for differing fees and expenses. See the Fund's prospectus for further details concerning historical performance.

MSCI EAFE® (Europe, Australasia, Far East) Index reflects the equity market performance of developed markets, excluding the U.S. and Canada.

Alpha compares risk-adjusted performance relative to an index. Positive alpha means outperformance on a risk-adjusted basis. **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.

Standard Deviation measures historical volatility. Higher standard deviation implies greater volatility.

Attribution is used as a tool to explain the sources of a portfolio excess return versus a specific benchmark and during a specific period. The most widely used attribution methodology is a Return Decomposition Model based on weights and returns of a portfolio and index's underlying holdings. This attribution framework can be defined over a specific period, benchmark, grouping (sector, market cap, country, beta quintiles, standard deviation quintiles) and currency. **Allocation Effect** measures whether the overweight or underweight of a segment relative to the index contributed positively or negatively to the overall portfolio's relative return over a specific period. For example, if the portfolio is underweight a segment of the market that underperformed, the allocation effect will be positive. If the portfolio is overweight a segment of the market that underperformed or underweight a segment of the market that outperformed, the allocation effect will be negative. **Residual (Selection Effect)**, measures if the securities that a portfolio hold within a given segment have contributed to or detracted from the overall portfolio's relative performance. A positive selection effect means that the portfolio return within a specific segment was greater than the benchmark within the same segment. The "selection" of the stocks in the portfolio for that segment outperformed similar securities in the benchmark. INTECH refers to "selection effect" as "residual" given our process selects stocks based on relative volatility and correlation characteristics as opposed to a traditional manager where "selection effect" measures the manager skill to select stocks that outperform. **Total Effect** is the sum of the allocation and selection effects.

Performance attribution is equity only and does not include cash. Total returns are gross of advisory fees and may differ from actual returns as they are based on end-of-day holdings in the fund. Portfolio returns will be reduced by advisory fees and other expenses. Companies in the fund and index are divided into quintiles based upon their standard deviation and beta during the period. Source for standard deviation and beta ranges, sectors, allocations and their returns: FactSet. Sectors defined by Global Industry Classification Standards (GICS). Returns include the reinvestment of dividends and other earnings.

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